

Salmon Evolution ASA

(a public limited liability company incorporated under the laws of Norway)

Listing of Salmon Evolution ASA's shares on Oslo Børs

The information contained in this prospectus (the "Prospectus") relates to the listing and admission to trading of common shares, each with a nominal value of NOK 0,05 (the "Shares") in Salmon Evolution ASA ("Company", and taken together with its subsidiaries, the "Group") on Oslo Børs (the "Oslo Stock Exchange") (the "Listing").

The board of directors of the Oslo Stock Exchange approved the Company's listing application in a board meeting held on 7 July 2021. Trading in the Shares on the Oslo Stock Exchange is expected to commence on or about 9 July 2021 under the trading symbol "SALME".

All of the Shares are registered with Euronext VPS (the Norwegian Central Securities Depository) (*Nw. Verdipapirsentralen*) ("Euronext VPS") in book-entry form. All the Shares will rank in parity with one another and carry one vote per Share.

Except where the context otherwise requires, references in this Prospectus to the Shares refer to all issued and outstanding ordinary shares of the Company. For the definitions of capitalised terms used throughout this Prospectus, see Section 18 "Definitions". Investing in the Shares involves risks; see Section 2 "Risk Factors" beginning on page 2.

THIS PROSPECTUS SERVES AS A LISTING PROSPECTUS ONLY. THE PROSPECTUS DOES NOT CONSTITUTE AN OFFER, OR INVITATION TO PURCHASE, SUBSCRIBE OR SELL, ANY OF THE SECURITIES DESCRIBED HEREIN, AND NO SHARES OR OTHER SECURITIES ARE BEING OFFERED OR SOLD IN ANY JURISDICTION PURSUANT TO THIS PROSPECTUS

The date of this Prospectus is 7 July 2021.

IMPORTANT INFORMATION

This Prospectus has been prepared in order to provide information about the Company and its business in relation to the Listing and to comply with the Norwegian Securities Trading Act of 29 June 2007 no. 75 (as amended from time to time, the “**Norwegian Securities Trading Act**”) and related secondary legislation, including Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2014/71/EC, as amended, and as implemented in Norway in accordance with Section 7-1 of the Norwegian Securities Trading Act (the “**EU Prospectus Regulation**”). This Prospectus has been prepared solely in the English language.

The information contained herein is current as of the date hereof and subject to change, completion and amendment without notice. In accordance with Article 23 of the EU Prospectus Regulation, significant new factors, material mistakes or inaccuracies relating to the information included in this Prospectus, which are capable of affecting the assessment of the Shares between the time when this Prospectus is approved by The Financial Supervisory Authority of Norway (*Nw. Finanstilsynet*) (the “**Norwegian FSA**”) and the date of Listing of the Shares on the Oslo Stock Exchange, will be included in a supplement to this Prospectus. Neither the publication nor distribution of this Prospectus, shall under any circumstances create any implication that there has been no change in the Company’s affairs or that the information herein is correct as of any date subsequent to the date of this Prospectus.

No person is authorised to give any information or to make any representation concerning the Group or in connection with the Listing other than as contained in this Prospectus. If any such information is given or made, it must not be relied upon as having been authorised by the Company or any of the affiliates, representatives, advisors or selling agents of any of the foregoing.

The distribution of this Prospectus in certain jurisdictions may be restricted by law. The Company require persons in possession of this Prospectus to inform themselves about and to observe any such restrictions. This Prospectus does not constitute an offer of, or an invitation to purchase, any of the Shares described herein and no Shares are being offered or sold pursuant to this Prospectus in any jurisdiction.

The Shares are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable securities laws and regulations. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time.

This Prospectus be governed by and construed in accordance with Norwegian law. The courts of Norway, with Oslo as legal venue, shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with this Prospectus.

All Sections of the Prospectus should be read in context with the information included in Section 4 “*General Information*”.

INFORMATION TO DISTRIBUTORS

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended (“**MiFID II**”); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the “**MiFID II Product Governance Requirements**”), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any “manufacturer” (for the purposes of the Product Governance Requirements) may otherwise have with respect thereto, the Shares have been subject to a product approval process, which has determined that the Shares are: (i) compatible with an end target market of (a) retail investors in Norway, (b) investors who meet the criteria of professional clients and (c) eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the “**Target Market Assessment**”). Notwithstanding the Target Market Assessment, distributors should note that the price of the Shares may decline and investors could lose all or part of their investment; the Shares offer no guaranteed income and no capital protection; and an investment in the Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to any subsequent offering or sale of the Shares.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Shares.

NOTICE TO INVESTORS IN THE UNITED STATES

THE SHARES HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OR THE SECURITIES LAWS OF ANY U.S. STATE OR OTHER JURISDICTION. THE COMPANY DOES NOT PLAN TO REGISTER THE ISSUANCE OR RESALE OF THE SHARES UNDER THE U.S. SECURITIES ACT. THE SHARES MAY NOT BE RE-OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED OR OTHERWISE DISPOSED OF EXCEPT (A) UNDER A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT; (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, AS APPLICABLE OR (C) PURSUANT TO ANOTHER APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT; IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE U.S. STATE SECURITIES LAWS AND THE SECURITIES LAWS OF OTHER JURISDICTIONS, AND IN THE CASE OF A TRANSACTION EXEMPT FROM REGISTRATION, ONLY IF THE COMPANY HAS RECEIVED DOCUMENTATION SATISFACTORY TO IT THAT SUCH TRANSACTION DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT. IN ADDITION, THERE CAN BE NO ASSURANCES THAT SHAREHOLDERS RESIDING OR DOMICILED IN THE UNITED STATES WILL BE ABLE TO PARTICIPATE IN FUTURE CAPITAL INCREASES OR RIGHTS OFFERINGS.

NOTICE TO UNITED KINGDOM INVESTORS

This communication is only being distributed to and is only directed at (i) persons who are outside the United Kingdom (the "UK") or (ii) persons in the UK who are qualified investors as defined in the Prospectus Directive that are also: (a) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"); or (b) high net worth companies or other persons falling within Article 49(2)(a) to (d) of the Order; or (c) otherwise persons to whom it may lawfully be directed (all such persons together being referred to as "relevant persons"). In the UK, the Shares are only available to, and any subsequent invitation, offer or agreement to subscribe, purchase or otherwise acquire such Shares will be engaged in only with, relevant persons. Any person in the UK who is not a relevant person should not act or rely on this Prospectus or any of its contents.

ENFORCEMENT OF CIVIL LIABILITIES

The Company is a public limited liability company incorporated under the laws of Norway. As a result, the rights of holders of the Shares will be governed by Norwegian law and the Company's articles of association (the "Articles of Association"). The rights of shareholders under Norwegian law may differ from the rights of shareholders of companies incorporated in other jurisdictions. In particular, Norwegian law limits the circumstances under which shareholders of Norwegian companies may bring derivative actions. Under Norwegian law, any action brought by the Company in respect of wrongful acts committed against the Company will be prioritised over actions brought by shareholders claiming compensation in respect of such acts. In addition, it could be difficult to prevail in a claim against the Company under, or to enforce liabilities predicated upon, securities laws in other jurisdictions.

The members of the Company's board of directors (the "Board of Directors" and each of them a "Board Member") and the members of the senior management of the Company (the "Management") are not residents of the United States. Virtually all of the Company's assets and the assets of the Board Members and members of Management are located outside the United States. As a result, it may be impossible or difficult for investors in the United States to effect service of process upon the Company or the Board Members and members of Management in the United States or to enforce against the Company or those persons judgments obtained in U.S. courts, whether predicated upon civil liability provisions of the federal securities laws or other laws of the United States.

The United States and Norway do not currently have a treaty providing for reciprocal recognition and enforcement of judgments (other than arbitral awards) in civil and commercial matters. Uncertainty exists as to whether courts in Norway will enforce judgments obtained in other jurisdictions, including the United States, against the Company or its Board Members or members of Management under the securities laws of those jurisdictions or entertain actions in Norway against the Company or the Board Members or members of Management under the securities laws of other jurisdictions. In addition, awards of punitive damages in actions brought in the United States or elsewhere may not be enforceable in Norway.

Similar restrictions may apply in other jurisdictions.

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1. SUMMARY

Introduction	
Warning	This summary should be read as an introduction to the Prospectus. Any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.
The Securities	The Company has one class of shares in issue, and all shares provide equal rights in the Company in accordance with the Norwegian Public Limited Liability Companies Act and the Articles of Association of the Company. The Shares are subject to the Norwegian Public Limited Liability Companies Act, and are registered in book-entry form with the Norwegian Central Securities Depository (<i>Nw. Verdipapirsentralen</i>) under ISIN NO0010892094.
The Issuer	The Company is registered in the Norwegian Register of Business Enterprises (<i>Nw. Foretaksregisteret</i>) with registration number 925 344 877 and has its registered address at Eikremsvingen 4, 6422 Molde, Norway. The Company's website can be found at https://salmonevolution.no . The Company's LEI is code is 549300IFH82RUK068H76.
The Offeror(s)	Not applicable. There is no offering of Shares.
Competent Authority Approving the Prospectus	The Norwegian FSA, with registration number 840 747 972 and registered address at Revierstredet 3, 0151 Oslo, Norway, and with telephone number +47 22 93 98 00 has reviewed and on 7 July 2021, approved this Prospectus.
Key information on the Issuer	
Who is the Issuer of the Securities?	
Corporate Information	The Company was incorporated under the laws of Norway on 3 July 2020, as a private limited liability company under the Norwegian Private Limited Liability Companies Act. The Company was converted to a public limited liability company, subject to the Norwegian Public Limited Liability Companies Act on 19 March 2021. The Company's registration number in the Norwegian Register of Business Enterprises (<i>Nw. Foretaksregisteret</i>) is 925 344 877 and its LEI is 549300IFH82RUK068H76. The Company's registered address is at Eikremsvingen 4, 6422 Molde, Norway, and the Company's website can be found at https://salmonevolution.no .
Principal activities	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 (when additional phases of the facility is completed) is designed for an annual capacity of approx. 31,500 metric tons head-on gutted ("HOG") salmon (the "Facility", as defined below). The Company has also entered into a joint venture with Dongwon Industries where the two parties will together develop, construct and operate a land-based salmon farming facility in South Korea with an annual production capacity of 16,800 metric tons HOG, using Salmon Evolution's HFS technology.
Major Shareholders	Shareholders owning 5% or more of the Shares have an interest in the Company's share capital which is notifiable pursuant to the Norwegian Securities Trading Act. As of 7 July 2021, which was the latest practicable date prior to the date of this Prospectus, and insofar as known to the Company, the following persons had, directly or indirectly, interest in 5% or more of the issued share capital of the Company:

		<u>%</u>
	Ronja Capital AS	8.8
	
	The Bank of New York Mellon SA/NV	7.1
	
	Romsdalsfisk AS	7.0
	
	Farvatn Private Equity AS	5.6
	
	Dongwon Industries Co., Ltd.	5.3
	
Key managing directors	The Company's key management comprises of the following members:	
	<u>Name</u>	<u>Position</u>
	Håkon Andre Berg	CEO
	Trond Håkon Schoug-Pettersen	CFO
	Ingjarl Skarvøy	COO
	Kamilla Mordal Holo	Project Director
	Trond Valderhaug	CCO
Statutory auditor	The Company's independent auditors are BDO AS which has their registered address at Munkedamsveien 45 A, 0250 Oslo, Norway.	
What is the Key Financial Information Regarding the Issuer?		
Selected Historical Key Financial Information	The tables below set out a summary of the Group's audited historical financial statements for the years ended 31 December 2020, 2019, and 2018 and the Group's unaudited financial statements for the three months ended 31 March 2021 and 2020.	

The table below set out a summary of the Group's audited consolidated income statement information for the years ended 31 December 2020, 2019, and 2018 and the Group's unaudited income statement information for the three months ended 31 March 2021 and 2020.

<i>In NOK thousands</i>	The Three Months Ended 31 March		Years ended 31 December		
	2021 (Unaudited)	2020 (Unaudited)	2020 (Audited)	2019* (Audited)	2018* (Audited)
Revenue		30	704	(175)	1 150
Operating profit (loss)	(6 634)	(2 899)	(17 676)	(11 862)	(1 965)
Net profit (loss)	(5 581)	(2 907)	(16 826)	(11 269)	(1 974)

*) Figures from Salmon Evolution Norway AS' 2019 Financial Statements.

The table below set out a summary of the Group's audited consolidated balance sheet information as of 31 March 2021 and the Group's audited balance sheet information as of 31 December 2020, 2019 and 2018.

<i>In NOK thousands</i>	The Three Months Ended 31 March		Years ended 31 December		
	2021 (Unaudited)	2020 (Unaudited)	2020 (Audited)	2019* (Audited)	2018* (Audited)
Total assets	1 377 015	44 716	892 810	50 483	2 046
Total equity	1 262 097	35 291	788 442	38 198	(1 312)

*) Figures from Salmon Evolution Norway AS' 2019 Financial Statements.

The table below set out a summary of the Group's audited cash flow information for the years ended 31 December 2020, 2019 and 2018 and the Group's unaudited cash flow information for the three months ended 31 March 2021 and 2020.

In NOK thousands	The Three Months Ended 31 March		Years ended 31 December		
	2021 (Unaudited)	2020 (Unaudited)	2020 (Audited)	2019* (Audited)	2018* (Audited)
Net cash flow from operating activities	(7 709)	(4 182)	(10 021)	(2 553)	(734)
Net cash flow from investing activities	(104 608)	(10 213)	(165 961)	(25 021)	(506)
Net cash flow from financing activities	479 609	0	802 664	48 328	1 500
Net change in cash and cash equivalents	367 292	(14 395)	626 682	20 753	259
Cash and cash equivalents at beginning of the period	647 806)	21 124	21 124	370	111
Effect of foreign currency rate changes on cash and cash equivalents	0	0	0	0	0
Cash and equivalents at end of the period	1 015 098	6 729	647 806	21 124	370

*) Figures derived from Salmon Evolution Norway AS' 2019 Financial Statements.

Selected Key Pro Forma Financial Information	Not applicable. No pro forma financial information is included in this Prospectus.
Profit Forecast or Estimate	Not applicable. No profit forecast or estimate is included in this Prospectus.
Audit Report Qualification	Not applicable. No qualifications.
What are the Key Risks That are Specific to the Issuer?	
Key Risks Specific to the Issuer	<p><i>Key risks related to the Issuer:</i></p> <ul style="list-style-type: none"> • The Group's planned and future construction projects for construction of the Facility on Indre Harøy ("First", "Second" and "Third Phase") are decisive for the Group's business. Such projects will be subject to numerous risks, including shortages or delays in equipment, materials or skilled labour. Furthermore, the Group is subject to cost overruns due to the size and technical complexity of the project. The entrepreneur for the First Phase, Artec Aqua, has pursuant to the Construction Contract limited liability for cost overruns and delays. • The Group's Second and Third phase projects of the planned Facility on Indre Harøy are not financed. Although the First Phase is fully financed, the remaining phases are dependent on further equity injections and debt financing arrangements in order to be completed. The production from the First Phase will likely not provide the Group with a positive cash flow until all the 12 grow out tanks are put into operation and there is furthermore no assurance that the Group will raise sufficient financing (equity and external loans) that will allow the Group to construct and finalize the remaining construction phases. Consequently, there is a risk that the Group may not obtain sufficient financing to realize the Group's full strategy and planned operations. • The Group is exposed to various risks inherent to the newly established land-based salmon industry. Land-based fish farming brings challenges such as maintaining ideal living conditions for the fish with stable and good water quality, management of gas injection (such as oxygen), gas stripping (such as carbon dioxide), fish logistics and dependency on constant, uninterrupted electrical power. Thus, there are major biological challenges to overcome prior to establishing a fully predictable production cycle. In addition, there is a risk that other players in the same industry

are able to commercialize in a more rapid pace and/or at more attractive commercial terms than the Group.

- **The outbreak of the corona virus (COVID-19) could have a material adverse effect on the Group.** The consequences of COVID-19 will impact the Group and its current and planned operations and project - as well as its suppliers of goods and services, contractors and constructors including the Group's ability to raise further capital or secure financing, future customers ability to buy the Group's products at attractive prices or at all, transportation of the Group's future products, and its contractors ability to provide goods and services at agreed/schedules terms for the Group's construction project.
- **The Group is heavily dependent on technology and technology related errors could have an adverse effect on its business and financial position.** The Group is vulnerable to errors in technology, production equipment and maintenance routines. Such errors could cause damage to the Group's production equipment and biomass, which is the Group's most valuable asset.
- **There are inherent risks with the Group not having any operating history or past performance.** The Group has no operating history and implementing its strategy requires management to make complex judgments. Further, risks relating to the successful implementation of the Group's strategies may increase by a number of external factors, such as downturn in salmon prices, increased competition, unexpected changes in regulation, which may require the management's focus and resources. Hence, no assurance can be given that the Group will achieve its objectives or other anticipated benefits.
- **The exclusivity rights Artec Aqua has under the Exclusivity Agreement could have a material effect on the Group's ability to effectively compete in the land-based salmon industry.** The restrictions under the Exclusivity Agreement with Artec Aqua, inter alia to use Artec Aqua as complete supplier in all of the Construction Phases of the Facility, could prohibit the Group from taking advantage of commercial opportunities that comes up.
- **Substantial fluctuations in salmon prices could have an adverse impact on the Group's business and its financial position.** The Group's financial position and future prospect depend on the price of farmed salmon, which has historically been subject to substantial fluctuations. Farmed salmon is a commodity, and the Group therefore assumes that the market price will continue to follow a cyclical pattern based on the balance between total supply and demand. No assurance can be given that the demand for farmed salmon will not decrease in the future. Furthermore, fluctuations in the global economy could result in a higher demand for low-cost food alternatives, and thus a decrease in the salmon prices.
- **The Group's operations are expected to be subject to several biological risks which could have a negative impact on the Group's future profitability and cash flows.** Biological risks include for instance oxygen depletion, diseases, viruses, bacteria, parasites, algae blooms, jelly fish and other contaminants, which may have adverse effects on fish survival, health, growth and welfare and result in reduced harvest weight and volume, downgrading of products and claims from customers. An outbreak of a significant or severe disease represents a cost for the Group through e.g. direct loss of fish, loss of biomass growth, accelerated harvesting and poorer quality on the harvested fish and may also be followed by a subsequent period of reduced production capacity and loss of income.
- **The Group's business is exposed to environmental risks which could have an adverse effect on the Group's business and financial position.** The Group and its business are subject to environmental laws and regulations which may affect the Group's utilisation of permits and tangible fixed assets. Furthermore, the Group's operations involve risk of environmental liability. Sanctions for non-compliance with applicable environmental laws and regulations could result in shutdown of the Group's operations, fines and penalties, revocation of permits, demand for remediation or corrective measures and liability claims for exposure to hazardous materials, waste or personal injuries, among other things.
- **The Group's business is inherently exposed to regulatory risk and regulatory amendment could potentially have an adverse effect on the Group's business and financial position.** The Group's activities are subject to extensive international and national regulations, in particular relating to environmental protection, food safety, hygiene and animal welfare. The Group's future sale of its

	<p>products (if and when developed) is also subject to restrictions on international trade. Further, salmon farming is strictly regulated by licenses and permits granted by the authorities.</p> <ul style="list-style-type: none"> • Poor quality or small smolts could significantly impact the Group’s business and financial position. The Group’s operations depend on the quality and availability of salmon smolt. The quality of smolts impacts the volume and quality of the harvested fish. Poor quality or small smolts may cause slow growth, reduced health, increased mortality, deformities, or inferior end products. • The Group’s business and future plans are capital intensive and consequently there is a risk relating to availability of capital. To the extent the Group does not generate sufficient cash from operations in the long term, the Company or its subsidiaries may need to raise additional funds through public or private debt or equity financing to execute the Group’s growth strategy and to fund capital expenditures. The same applies for inter alia any delays or cost overruns for its construction projects.
Key Information on the Securities	
What are the Main Features of the Securities?	
Type, Class of Securities Identification and ISIN Number	All of the Shares are ordinary shares in the Company and have been issued under the Norwegian Public Limited Liability Companies Act. The Shares are registered in book-entry form with the Norwegian Central Securities Depository (<i>Nw. Verdipapirsentralen</i>) under ISIN NO0010892094
Currency, Number and Par Value of the Securities	As of the date of this Prospectus, the Company’s share capital is NOK 15,153,221.05, divided into 303,064,421 Shares, each having a nominal value of NOK 0,05. The shares are issued in NOK and will be quoted and traded in NOK on the Oslo Stock Exchange.
Rights Attaching to the Securities	The Company has one class of Shares, and all Shares provide equal rights in the Company in accordance with the Norwegian Public Limited Liability Companies Act and the Articles of Association of the Company. Each Share carries one vote. The holders of Shares have no pre-emptive rights in connection with transfer of Shares.
Restrictions on Transfer	The Shares are freely transferable. The Articles of Association do not provide for any restrictions, or a right of first refusal, on transfer of Shares. Share transfers are not subject to approval by the Board of Directors.
Dividend Policy	As of the date of this Prospectus, the Company is in a growth phase and is not in a position to pay any dividends. Beyond the growth phase, it is the Company’s ambition to pay dividends to shareholders as soon as it considers itself to be in a position to do so. There can, however, be no assurance that any dividend will be proposed or declared, or if proposed or declared, that the dividend will be as contemplated by the policy.
Where will the securities be traded?	
Admission to Trading	The listing committee of the Oslo Stock Exchange approved the Company’s listing application in a meeting held on 7 July 2021. The Company currently expects commencement of trading in the Shares on the Oslo Stock Exchange on or about 7 July 2021 under the trading symbol “SALME”. The Company has not applied for admission to trading of the Shares on any other stock exchange or regulated market, but is currently trading on Euronext Growth (Oslo) which is a multilateral trading facility (MTF).
What are the key risks that are specific to the securities?	
Key Risk Specific to the Securities	Key risks related to the Shares: <ul style="list-style-type: none"> • The Company may or may not pay any dividends for the foreseeable future. Shareholders may never obtain a return on their investment or may lose their total investment. • Future issuances of shares or other securities in the Company (for instance in order to secure more financing) may dilute the holdings of shareholders and could materially affect the price of the Shares. Existing shareholders may, depending on the structure of any future offerings and/or

	applicable selling and trading restrictions in relevant jurisdictions, be restricted from participated in such offering(s).
Key information on the Offering and/or the admission to trading on a regulated market	
Under which conditions and timetable can I invest in this security?	
Terms and Conditions for the Offer	Not applicable. There is no offering of Shares.
Dilution	Not applicable. There is no offering of Shares.
Proceeds and Estimated Expenses	Not applicable. There is no offering of Shares.
Who is the Offeror and/or the Person asking for admission to Trading?	
Brief description of the Offeror(s)	Not applicable. There is no offering of Shares.
Why is this Prospectus being produced?	
Reasons for the Offering/ Admission to Trading	The Group believes that the Listing will (i) enable access to a wider equity capital markets to fund further growth; (ii) diversify the shareholder base; (iii) enhance the Company's profile with investors, business partners, vendors and customers; (iv) further improve the ability of the Company to attract and retain key management and employees; and (iv) allow for a liquid market for the Shares going forward.
Use of proceeds	Not applicable. There is no offering of Shares.
Underwriting	Not applicable. There is no offering of Shares.
Material and Conflicting Interests	The Company is not aware of any interest of any natural and legal persons involved in the Listing that is material to the Listing.

2. RISK FACTORS

An investment in the Shares involves inherent risks. Investors should consider all information set forth in this Prospectus and, in particular, the specific risk factors set out below. An investment in the Shares is suitable only for investors who understand the risks associated with this type of high-risk investment and who can afford a loss of all or part of their investment. The absence of negative past experience associated with a given risk factor does not mean that the risks and uncertainties described herein should not be considered prior to making an investment decision. If any of the risks described below materialise, individually or together with other circumstances, they may have material adverse effects on the Company's business, financial condition, results of operations and cash flow and/or prospects, which may cause a decline in the value of the Shares that could result in a loss of all or part of any investment in the Shares. Risks and uncertainties described below are the principal known risks and uncertainties faced by the Company as of the date hereof. Additional risks and uncertainties that the Company currently believes are immaterial, or that are currently not known to the Company, may also have a material adverse effect on its business, financial condition, results of operations and cash flow, and may cause a decline in the value of the Shares that could result in a loss of all or part of any investment in the Shares. The information in this Section is as of the date of this Prospectus.

2.1 Risks Relating to the Group and the Industry in which the Group Operates

Risks related to the Group's significant construction projects:

The Group's planned and future construction projects for construction of the Facility on Indre Harøy (comprising of the "First", "Second" and "Third Phase" as defined below) are decisive for the Group's business as well as being significant and complex undertakings. Such projects will be subject to numerous risks, including shortages or delays in equipment, materials or skilled labour; failure of the equipment to meet quality and/or performance standards, inability to obtain required permits and approvals, unanticipated cost increases, design or engineering changes, labour disputes or any events of force majeure, all of which individually or in the aggregate may cause delays or cost overruns. Experience has shown that large construction projects are particularly exposed to risk of cost overruns and delays and even though the Company has agreed a time schedule and target price for the execution and completion of the construction of the Facility, there can be no assurance that the Facility is completed on time or at costs as planned, or even at all. Significant cost overruns or delays, and other afore-mentioned risks, could have a material adverse effect on the Group's business, results of operations, cash flows, financial condition and/or prospects.

The chosen entrepreneur for the First Phase, Artec Aqua, has pursuant to the Construction Contract (as defined below) limited liability for cost overruns and delays. Investors are also cautioned that the Group has relied primarily on its own experience and competence for the specification, projecting and process plan for the construction projects, as opposed to obtaining third party validation.

The Group's construction contract with Artec Aqua deviates from the market standard by, *inter alia*, not imposing any obligation for the Group and Artec Aqua to sign warranties as a security for the fulfilment of their contract obligations. Some of the construction contract's deviations from the market standard are not beneficial to the Group and could hinder or slow down the construction of the Group's Facility and thus have a material adverse effect on the Group's business, prospects and financial condition, including its ability to comply with the financial covenants pursuant to its financing arrangements.

The Group is subject to the risk of cost overruns due to the size and technical complexity of the Indre Harøy Facility construction project:

While smaller, comparable land-based production facilities have been built in the past, no similar facilities have been built of the size the Group plans to construct. As such, this adds to the complexity and risk of cost-overruns of the project. Any significant cost-overruns and/or delays may negatively impact the economics, KPIs, and the financial break-even point of the planned business model of the Group.

The Second and Third phase projects of the planned Facility on Indre Harøy are not financed and these are dependent on further equity injections and debt financing arrangements in order to be completed:

The Facility's first construction phase ("the First Phase") is fully financed through equity, bank loans and grants from ENOVA and Skattefunn. It is expected that the production for the First Phase will commence in March 2022 in connection with the handover of the first 4 grow out tanks (12 in total). The remaining 8 grow out tanks in the First Phase will be put into production consecutively throughout 2022 with the last 4 grow out tanks expected to commence production by the end of 2022. The production from the First Phase will, however, likely not provide the Group with a positive cash flow from operations, until all the 12 grow out tanks are put into operation as the full completion of the First Phase is required to provide the economies of scale required.

The First Phase is constructed to be able to be put into operation independent of the Second Phase and/or the Third Phase of the Facility, and is intended to be completed even if the Company, for any reason, is not able to commence and/or complete the remaining construction phases (Second Phase and Third Phase). Accordingly, the Company intends to operate its business in Indre Harøy based on the First Phase facility until it is able to construct the Second Phase and/or the Third Phase, and there is no assurance that the Group will be able to raise sufficient financing (equity and/or external debt) that will allow the Group to construct and finalize the Second Phase and/or Third Phase). The Second Phase is expected to require additional investments of approximately NOK 1.2 billion, excluding investments related to the smolt facility (if any), and the Third Phase is expected to require additional investments of approximately NOK 2.1 billion. No commitment for further financing is secured or entered into in this respect, and further phases of the Group's growth targets are thus not financed. Consequently, there is a significant risk that the Group may not obtain sufficient financing to realize the Group's full strategy and planned operations. Such risk is increasing as a result of the global effects of the COVID-19 pandemic. If the Group is not able to raise the required financing, through equity injections or debt financing arrangements to complete and finalize further construction phases, this could have a negative effect on the Group's business, financial condition and prospects. The estimated capital needed to construct the Second Phase and the Third Phase are preliminary estimates only based on the estimated construction cost for the First Phase and expected synergy effects thereof, including a customary buffer. The actual capital need may therefore change and will be subject to final adjustments as part of the projecting phase for the Second Phase and the Third Phase.

The public grant from ENOVA SF (a Norwegian state enterprise entrusted granting funds from the governmental Climate and Energy Funds) ("Enova") is conditioned on the project being completed in accordance with the description provided in the application for the Enova grant. Any changes to the project, entailing a deviation from such description, is subject to the written consent from Enova. Enova may withdraw the grant, either whole or in part, if the project will not be completed as described by the Company. Furthermore, the issuance of additional equity securities will dilute existing shareholders' interest in the Group.

As the Group will be operating in the newly established land-based salmon industry, the Group is exposed to various risks inherent to new industries:

Land-based salmon farming is a new industry and, as a consequence, experience with land-based salmon farming has been developing rapidly due to practical implementation of research taking place in several different companies. The Group seeks to benefit from the fish farming knowledge built up from traditional salmon farming, even though realizing that land-based fish farming has its own challenges such as maintaining ideal living conditions for the fish with stable and good water quality, management of gas injection (such as oxygen), gas stripping (such as carbon dioxide), fish logistics and dependency on constant, uninterrupted electrical power.

As such, there are still major biological challenges to overcome prior to establishing a fully predictable production cycle. Salmon Evolution is actively taking a lead in this development together with respected suppliers of aquaculture technology and production equipment, as well as other land-based fish farming players. This will impact the success of the Group as well as the development of the whole industry. In addition to the inherent risks involved by being in a development phase in a new industry, such as faults in production, operations, maintenance, etc., there is also a risk that the Group's commercialization strategy proves not to be the best, and that other players in the same industry are able to commercialize in a more rapid pace and/or at more attractive commercial terms than the Group, which may in turn have material adverse effects on the Group's results, financial condition, cash flow and prospects.

The outbreak of the corona virus (COVID-19) could have a material adverse effect on the Group:

The current outbreak of coronavirus (COVID-19) has resulted in a global pandemic and has severely impacted companies and markets globally. It is currently not possible to predict the consequences for the Group, its business partners, Norway, the seafood industry or global business and markets. Such consequences will also impact the Group and its current and planned operations and project - as well as its suppliers of goods and services, contractors and constructors, including the Group's ability to raise further capital or secure financing, future customers ability to buy the Group's products at attractive prices or at all, transportation of the Group's future products, and its contractors ability to provide goods and services at agreed/schedules terms for the Group's construction project. The future of the Group and its business, including the ability for the Group to realise its current plans are therefore more uncertain under such circumstances. Although the salmon market has overcome the challenges of COVID-19 quite well, the uncertainty related to effects of the pandemic could in the near term have a negative effect on the Group's ability to complete and finalize the First Phase.

The occurrence of an epidemic or pandemic is beyond the Group's control and there is no assurance that any future outbreak of COVID-19 or other contagious diseases occurring in areas in which the Group or its suppliers, partners or customers operate, or even in areas in which the Group do not operate, will not seriously interrupt the Group's business, including planned constructions or those of the Group's suppliers or customers. Such event could have a material adverse effect on the Group business, results of operations or financial condition.

Risk relating to restrictive covenants and debt financing agreements:

The Group is currently party to the NOK 625 Million Loan Facility Agreements and may from time to time adhere to certain financing agreements and arrangements with various lenders. Such agreements and arrangements contain many terms, conditions and covenants that may be challenging to comply with and may require the Group to agree to restrictions and limitations on the Group's business operations and capital structure, may force the Group to issue additional equity, possibly on unfavourable terms, increase the Group's vulnerability to adverse economic and industry conditions, limit the Group's flexibility to make, or react to, changes in the business and industry and/or restrict the Group's freedom to operate, restrict the Groups' freedom to obtain new debt or other financing and/or place the Group at a competitive disadvantage. Any non-compliance with debt financing agreements may also have an adverse effect on the Group's business, financial condition and prospects.

The Group's indebtedness could furthermore affect the Group's future operations, since a portion of the Group's cash flow from operations will be dedicated to the payment of interest and principal on such debt, and will hence not be available for other purposes. Financial covenants in such arrangements will require the Group to meet certain financial tests and non-financial tests, which may affect the Group's flexibility in planning for, and reacting to, changes in its business or economic conditions, may limit the Group's ability to dispose of assets or place restrictions on the use of proceeds from such dispositions, withstand current or future economic or industry downturns, and compete with others in the Group's industry for strategic opportunities, and may limit the Group's ability to obtain additional financing for working capital, capital expenditures, acquisitions, general corporate and other purposes.

The Group is heavily dependent on technology and technology related errors could have an adverse effect on its business and financial position:

The Group is vulnerable to errors in technology, production equipment and maintenance routines. Such errors could cause damage to the Group's production equipment and biomass, which is the Group's most valuable asset. Therefore, it is of high importance that the Group holds the ability to implement routines and safety measures to protect its production line and develop its biomass. The Group is partly reliant on third-party suppliers of technical production equipment, as well as sufficient maintenance routines for its production facilities. Despite the security and maintenance measures in place, the Group's facilities and systems, and those of its third-party service providers, may be vulnerable to technical errors, limits in capacity, breaches in routines, lack of surveillance, acts of vandalism, human errors or other similar events.

There are inherent risks with the Group not having any operating history or past performance:

The Group is in an ongoing developing and commercialization process where the Group's key strategy is to develop and build a land-based flow through aquaculture system for farming of Atlantic salmon, in Norway. The Group has no operating history and implementing its strategy requires management to make complex judgments. Hence, no assurance can be given that the Group will achieve its objectives or other anticipated benefits. Further, risks relating to the successful implementation of the Group's strategies may increase by a number of external factors, such as downturn in salmon prices, increased competition, unexpected changes in regulation or the materialization of any of the risk factors mentioned herein, which may require the management's focus and resources, and which could in turn imply failure or delay in the successful adoption of the Group's business strategy. Failure to implement the Group's business strategy, including but not limited to successful construction of the Facility and subsequent commencement of production as well as realisation of commercial strategy as to the sale of fish, could have a material adverse effect on the Group's results, financial condition, cash flow and prospects.

If the Group is not able to attract and retain customers and commercial partners, this could adversely impact the Group's business and financial position:

Salmon Evolution's commercialization strategy involves entering into customer, distribution, marketing, sales and other agreements with third parties. A commercial success of the Group will require such agreements to be entered into with professional third parties on commercially favourable terms. If the Group does not succeed in continuing to attract and retain new customers, it could have a material adverse effect on its results of operations, financial condition, cash flows and prospects and its ability to complete the Facility.

The Group's business depends on client goodwill, reputation and on maintaining good relationships with clients, partners, suppliers and employees. Any circumstances that publicly damage the Group's goodwill, injure the Group's reputation or damage the Group's business relationships, may lead to a broader adverse effect than solely the monetary liability arising directly from the damaging events by way of loss of business, goodwill, clients, partners and employees.

The exclusivity rights Artec Aqua has under the Exclusivity Agreement could have a material effect on the Group's ability to effectively compete in the land-based salmon industry:

The Exclusivity Agreement (as further described in section 5.6) between the Company and Artec Aqua constitutes an obligation for the Company to, inter alia, use Artec Aqua as complete supplier in all of the Construction Phases of the

Facility, including the potential smolt facility. As the Company could be prohibited pursuant to the Exclusivity Agreement from taking advantage of commercial opportunities that could come up, the Company could e.g risk its competitors getting a competitive edge by having access to a supplier or suppliers that have more beneficial market terms than the Company has under the Exclusivity Agreement. Under the Exclusivity Agreement, the Company is also prohibited against directly or indirectly owning shares in a company operating in the smolt- and fish production segment that uses other suppliers than Artec Aqua subject to certain conditions. The Company could therefore risk losing out on lucrative investment opportunities into other companies within the same industry. These highlighted downsides of the Exclusivity Agreement have the potential to impact the Group's ability to effectively compete in the land-based salmon industry and thus have a significant impact on the Group's financial position, business and prospects should they materialize.

Substantial fluctuations in salmon prices could have an adverse impact on the Group's business and its financial position:

The Group's financial position and future prospect depend on the price of farmed salmon, which has historically been subject to substantial fluctuations. Farmed salmon is a commodity, and the Group therefore assumes that the market price will continue to follow a cyclical pattern based on the balance between total supply and demand. No assurance can be given that the demand for farmed salmon will not decrease in the future. Furthermore, fluctuations in the global economy could result in a higher demand for low-cost food alternatives, and thus a decrease in the salmon prices.

Farmed salmon is furthermore generally sold as a fresh commodity with limitation on the time available between harvesting and consumption. Short-term overproduction may therefore result in very low spot prices obtained in the market. The entrants of new producing nations or the issuance of new production licenses could result in a general overproduction in the industry. Short-term or long-term decreases in the price of farmed salmon may have a material adverse effect on the business, financial condition, results of operations, cash flows, financial condition and/or prospects of the Group.

The Group's operations are expected to be subject to several biological risks which could have a negative impact on the Group's future profitability and cash flows:

The Group's operations are subject to several biological risks which could have a negative impact on future profitability and cash flows. Biological risks include for instance oxygen depletion, diseases, viruses, bacteria, parasites, algae blooms, jelly fish and other contaminants, which may have adverse effects on fish survival, health, growth and welfare and result in reduced harvest weight and volume, downgrading of products and claims from customers. An outbreak of a significant or severe disease represents a cost for the Group through e.g. direct loss of fish, loss of biomass growth, accelerated harvesting and poorer quality on the harvested fish and may also be followed by a subsequent period of reduced production capacity and loss of income. The most severe diseases may require culling and disposal of the entire stock, disinfection of the farm and a long subsequent fallow period as preventative measures to stop the disease from spreading. Market access could be impeded by strict border controls, not only for salmon from the infected farm, but also for products originating from a wider geographical area surrounding the site of an outbreak. Continued disease problems may also attract negative media attention and public concerns. Salmon farming has historically experienced several episodes with extensive disease problems and no assurance can be given that this will not also happen in the future. Epidemic outbreaks of diseases may have a material adverse effect on the business, financial condition, results of operations or cash flow of the Group.

The Group may be dependent on additional permits in order to realise its production volume targets in Norway or in other jurisdictions and no assurance can be given that the Group will be able to obtain such additional permits:

Møre og Romsdal County Municipality has granted the Group an aquaculture license for production of salmon based on 13,300 metric tons of maximum allowed biomass (MAB) in Indre Harøy, Norway. The related permits from the Norwegian Food Safety Authority include a wording referring to an "annual production of 28,800 tons". It is a risk that this may be enforced as a production limitation and that additional licenses would be required in order for the Group to realise the annual production capacity of 31,500 metric tons HOG in the fully developed grow out facility. There is a risk that the Group will not be able to obtain further licenses in order to reach the desired production volume, should this be enforced as a production limitation. Furthermore, there can be no assurance that the Group will be able to obtain further licenses in accordance with any expansion plans, including with respect to any permits required in South Korea for the planned 16,800 HOG production facility, which in turn may negatively impact the financial prospects of the Group.

The Group's business is inherently exposed to regulatory risk and regulatory amendment could potentially have an adverse effect on the Group's business and financial position:

The Group's activities are subject to extensive international and national regulations, in particular relating to environmental protection, food safety, hygiene and animal welfare. The Group's future sale of its products (if and when developed) is also subject to restrictions on international trade. Further, salmon farming is strictly regulated by licenses and permits granted by the authorities. Given that the Group intends to carry out salmon farming in several jurisdictions, the Group is overall subject to a number of laws and regulations, which may be subject to changes from time to time. Future changes in the domestic and international laws and regulations applicable to the Group (in particular related to

animal welfare, environmental protection (pollution from production facilities), food safety and hygiene) and implementation of specific taxes or charges on land-based salmon farming can be unpredictable and are beyond the control of the Group, and such changes could, among other things, imply the need to materially alter the Group's operations and set-up and may prompt the need to apply for further permits or granted permits may be adjusted or revoked, which could in turn have a material adverse effect on the business, financial condition, results of operations or cash flow of the Group.

The Group's business is exposed to environmental risks which could have an adverse effect on the Group's business and financial position:

The Group and its business are subject to environmental laws and regulations which may affect the Group's utilisation of permits and tangible fixed assets. Furthermore, the Group's operations involve risk of environmental liability, including a risk of emissions to the surrounding marine environment of waste and faeces as well as greenhouse gas emissions to air, leakage from its operations facilities to water and/or surface or soils. Sanctions for non-compliance with applicable environmental laws and regulations could result in shutdown of the Group's operations, fines and penalties, revocation of permits, demand for remediation or corrective measures and liability claims for exposure to hazardous materials, waste or personal injuries, among other things.

Poor quality or small smolts could significantly impact the Group's business and financial position:

The Group's operations depend on the quality and availability of salmon smolt. The quality of smolts impacts the volume and quality of the harvested fish. Poor quality or small smolts may cause slow growth, reduced health, increased mortality, deformities, or inferior end products. Further, as the aquaculture industry has intensified production, the biological limits for how fast fish can grow have also been challenged. As with all other forms of intensive food production, a number of production-related disorders arise, i.e. disorders caused by intensive farming methods. As a rule, such disorders appear infrequently, are multifactorial, and with variable severity. The most important production-related disorders relate to physical deformities and cataracts, which may lead to financial loss in the form of reduced growth and health, reduced quality on harvesting, and damage the industry's reputation, which may in turn have a material adverse effect on the Group's results, financial condition, cash flow and prospects.

Lack of ability to attract or to retain qualified and experienced personnel could adversely impact the Group's performance:

The Group's senior management and key employees are important to the development and prospects of the Group. Further, the Group's performance is to a large extent dependent on highly qualified personnel and management, and the continued ability of the Group to compete effectively and implement its strategy depends on its ability to attract new and well qualified employees and retain and motivate existing employees. Due to the complexity in the land-based salmon industry, the Group's growth plans and the limited availability of qualified personnel, any loss of the services of key employees, particularly to competitors, or the inability to attract and retain highly skilled personnel could have a material adverse effect on the Group's business, results of operation, financial condition and/or prospects.

Risk relating to the joint venture with Dongwon Industries in South Korea and any potential future joint ventures:

The Group has entered into an agreement for a joint venture (the "JV Agreement") with the Korean seafood giant and approximately 5.3 % shareholder in the Company, Dongwon Industries, for a 16,800 metric tons HOG production facility in South Korea. As per the JV Agreement, the joint venture is organized as a Korean joint stock company named K Smart Farming Co., Ltd. ("K Smart") that will develop, construct, and operate a land-based salmon farming facility of harvestable Atlantic salmon, using Salmon Evolution's hybrid flow-through system technology. The Company through its wholly owned subsidiary SE Asia owns 49% of the shares in K Smart, with Dongwon Industries holding the remaining 51%. Even though the parties, through the JV Agreement, has agreed upon comprehensive corporate governance principles that aims to ensure transparency and mutual influence and balance in the partnership structure, Salmon Evolution could with its 49% ownership have limited influence over decision-making in such joint venture. Conflict or disagreement with Dongwon Industries may lead to majority decisions against the Group's interests or a deadlock and result in the Group's inability to pursue its desired strategy and/or force it to exit from such joint venture. Also, agreements with Dongwon Industries, or the virtue of not being the sole shareholder, may restrict the Group's freedom to carry out its business. There can be no assurance that Dongwon Industries will continue their relationships with the Group in the future, that any agreements entered into have encountered for all situations or potential conflicts between shareholders, or that the Group will be able to pursue its stated strategies with respect to its current or future joint ventures and the markets in which they operate. Furthermore, Dongwon Industries and any other partners in potential future joint ventures may (i) have economic or business interests or goals that are inconsistent with those of the Group; (ii) be subject to a change of control; (iii) experience financial and other difficulties; or (iv) be unable or unwilling to fulfil their obligations under the joint ventures, which may materially adversely affect the Group's revenues, profitability, cash flows and financial condition. The Group has no previous experience with joint ventures or doing business in South Korea, which may be a more challenging market than operating in Norway. If the Group fails to overcome the challenges that it encounters in its international operations, currently limited to South Korea, the Group's business, results of operations, financial position, cash flows and/or prospects could be materially, adversely affected.

Furthermore, K Smart will need significant funding to carry out the planned project, currently estimated to be about NOK 1.6 billion for phase 1. The agreed funding structure is 25% equity and 75% debt, where Salmon Evolution is committed to equity contributions of approximately NOK 200 million for the whole project on a fully funded basis, including phase 2 which is planned financed by local debt financing in South Korea and operating cash flow in K Smart. Although the Group's planned capital commitments for K Smart are financed within the existing finance plan consisting of equity, bank loans and grants, there is an inherent risk that planned costs could exceed the budget. In such event the Company may need to raise additional equity or debt capital to secure the additional funding required to execute the project as planned, and the Group may not be able to maintain its pro rata ownership in K Smart if it is not successful in obtaining such additional capital. In any event, such cost overruns could have a material adverse effect on the Group's financial results, cash flows and financial condition. There is also a risk that the project in South Korea is delayed or not completed at all.

The Group's business is capital intensive and there is a risk that the Group is not able to raise sufficient capital to fund its current and/or future projects:

The Group's business and future plans are capital intensive. The Second and Third Phase are not financed and requires further equity and/ or external debt. Furthermore, the production from the First Phase will likely not provide the Group with a positive cash flow from operations until all the 12 grow out tanks are put into operations. To the extent the Group does not generate sufficient cash from operations in the long term, the Company or its subsidiaries may need to raise additional funds through public or private debt or equity financing to execute the Group's growth strategy and to fund capital expenditures. The same applies for inter alia any delays or cost overruns for its construction projects.

Adequate sources of capital funding may not be available when needed or may not be available on favorable terms - or may not be available at all. Consequently, the Group may not be able to obtain financing to fund future capital expenditures after First Phase. If the Company raises additional funds by issuing additional equity securities, holdings and voting interests of existing shareholders could be diluted. If funding is insufficient at any time in the future, the Group may be unable to fund maintenance requirements and acquisitions, take advantage of business opportunities or respond to competitive pressures, any of which could adversely impact the Group's financial condition and results of operations. The Group's existing or future debt arrangements could also limit the Group's liquidity and flexibility in obtaining additional financing and/or in pursuing other business opportunities. Further, the Group's future ability to obtain bank financing or to access the capital markets for any future debt or equity offerings may be limited by the Group's financial condition at the time of such financing or offering, as well as by adverse market conditions resulting from, among other things, general economic conditions and contingencies and uncertainties that are beyond the Group's control. Any delay or failure to obtain funds for future capital expenditures could result in the Group's projects being delayed or not completed at all, which in turn could impact the Group's results of operations, financial condition and prospects. The issuance of additional equity securities will dilute existing shareholders' interest in the Group.

The Group may not be able to effectively compete with existing salmon farming methodologies and may change its current strategy and/or production method:

The Group may, due to external factors or internal decisions, change its current strategy and pursue alternative strategies. The Group may also fail to execute its strategy, including but not limited to successful construction of the Facility and subsequent commencement of production as well as the commercial sale of fish, due to e.g. changed market conditions, regulatory framework, available expertise and resources, and funding. The Group will face substantial competition from existing, entrenched and low-cost alternatives within sea-based net pen salmon farming and may thus not be able to effectively compete with existing salmon farming methodologies. In a scenario where the Group is not able to compete with existing salmon farming methodologies, inter alia due to higher cost levels, the Group may be forced to reduce its selling prices or ultimately decide to change its strategy and production method, which in turn could increase the Group's costs and impact its profitability negatively in the transition period.

2.2 Risks Relating to the Shares

The Company may or may not pay any dividends for the foreseeable future. Shareholders may never obtain a return on their investment or may lose their total investment:

As of the date of this Prospectus, the Company is in a growth phase and will prioritise to invest in organisational, product and technology development, and development of its ongoing Phases. Thus, the Company does not expect to pay dividends in the near future. Any payment of future dividends will depend on legal restrictions, the Company's capital requirements, including capital expenditure requirements, its financial condition, general business conditions and any restrictions in its borrowing arrangements or other contractual arrangements. Pursuant to the NOK 625 Million Loan Facility Agreements, the Company's subsidiary Salmon Evolution Norway AS is currently subject to certain restrictions in respect of distribution of dividend to the Company as further set out in Section 9.9, which in turn may prohibit the Company from paying dividend.

Future issuances of shares or other securities in the Company may dilute the holdings of shareholders and could materially affect the price of the Shares:

In order to finance the Second and Third Phase of the planned Facility on Indre Harøy, the Company is dependent on raising additional equity and/or external debt. The Company expect to raise additional equity to finance parts of the Second Phase and the Third Phase of the Facility by way of offering new Shares in the Company. Furthermore, the Company may decide

to offer new shares or other securities in order to finance other capital-intensive investments in the future in connection with unanticipated liabilities or expenses, or for any other purposes. In connection with such share offerings, the Company may also deviate from the existing shareholders' pre-emptive rights, either subject to 2/3 majority approval by the shareholders' attending the relevant general meeting or based on an authorization granted to the Board (if and to the extent applicable). Any such offering could reduce the proportionate ownership and voting interests of holders of Shares as well as the earnings per Share and the net asset value per Share of the Company, and any offering by the Company could have a material adverse effect on the market price of the Shares. Depending on the structure of such future offerings, certain existing shareholders may due to selling and trading restrictions in such shareholders' jurisdictions not be able to participate in such offering(s).

3. RESPONSIBILITY STATEMENT

The Board of Directors of Salmon Evolution ASA accepts responsibility for the information contained in this Prospectus. The members of the Board of Directors confirm that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of their knowledge, in accordance with the facts and contains no omissions likely to affect its import.

Molde/ Ålesund, 7 July 2021

The Board of Directors of Salmon Evolution ASA

Tore A. Tønseth (Chairman)
Kristofer Reiten
Peder Stette
Glen Bradley
Anne Breiby
Kiyun Yun
Janne-Grethe Strand Aasnæs
Ingvild Vartdal

4. GENERAL INFORMATION

This Section provides general information on the presentation of financial and other information, as well as the use of forward-looking statements, in this Prospectus. You should read this information carefully before continuing.

4.1 The approval of this Prospectus by the Norwegian Financial Supervisory Authority

The Norwegian FSA has reviewed and approved this Prospectus, as competent authority under the EU Prospectus Regulation. The Norwegian FSA has not verified or approved the accuracy or completeness of the information included in this Prospectus. Investors should make their own assessment as to the suitability of investing in the securities. The approval by the Norwegian FSA only relates to the information included in accordance with pre-defined disclosure requirements imposed by the EU Prospectus Regulation. The Norwegian FSA has not made any form of verification or approval relating to corporate matters described in or referred to in this Prospectus. The Norwegian FSA approved this Prospectus on 7 July 2021.

4.2 Other Important Investor Information

The Company has furnished the information in this Prospectus. No representation or warranty, express or implied is made by the Managers as to the accuracy, completeness or verification of the information set forth herein, and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or the future.

Neither the Company nor any of its affiliates, representatives, advisers or selling agents, are making any representation to any offeree or purchaser of the Shares regarding the legality of an investment in the Shares. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Shares.

4.3 Cautionary Note Regarding Forward-Looking Statements

This Prospectus includes forward-looking statements that reflect the Company's current views with respect to future events and financial and operational performance; including, but not limited to, statements relating to the risks specific to the Company's business, future earnings, the ability to distribute dividends, the solution to contractual disagreements with counterparties, the implementation of strategic initiatives as well as other statements relating to the Company's future business development and economic performance. These Forward-looking Statements can be identified by the use of forward-looking terminology; including the terms "assumes", "projects", "forecasts", "estimates", "expects", "anticipates", "believes", "plans", "intends", "may", "might", "will", "would", "can", "could", "should" or, in each case, their negative or other variations or comparable terminology. These Forward-looking Statements are not historical facts. They appear in a number of places throughout this Prospectus; Section 5 "Business Overview", Section 6 "Industry Overview" and Section 12 "Dividend and Dividend Policy" and include statements regarding the Company's intentions, beliefs or current expectations concerning, among other things, goals, objectives, financial condition and results of operations, liquidity, outlook and prospects, growth, strategies, impact of regulatory initiatives, capital resources and capital expenditure and dividend targets, and the industry trends and developments in the markets in which the Group operates.

Prospective investors in the Shares are cautioned that forward-looking statements are not guarantees of future performance and that the Company's actual financial position, operating results and liquidity, and the development of the industry in which the Company operates may differ materially from those contained in or suggested by the forward-looking statements contained in this Prospectus. The Company cannot guarantee that the intentions, beliefs or current expectations that these forward-looking statements are based will occur.

By their nature, forward-looking statements involve and are subject to known and unknown risks, uncertainties and assumptions as they relate to events and depend on circumstances that may or may not occur in the future. Because of these known and unknown risks, uncertainties and assumptions, the outcome may differ materially from those set out in the forward-looking statements. Should one or more of these risks and uncertainties materialize, or should any underlying assumption prove to be incorrect, the Company's business, actual financial condition, cash flows or results of operations could differ materially from that described herein as anticipated, believed, estimated or expected.

The information contained in this Prospectus, including the information set out under Section 2 "Risk Factors", identifies additional factors that could affect the Company's financial position, operating results, liquidity and performance. Prospective investors in the Shares are urged to read all sections of this Prospectus and, in particular, Section 2 "Risk Factors" for a more complete discussion of the factors that could affect the Company's future performance and the industry in which the Company operates when considering an investment in the Shares.

The forward-looking statements speak only as at the date of this Prospectus. Except as required according to the Norwegian Securities Trading Act, the Company undertakes no obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-

looking statements attributable to the Company or to persons acting on the behalf of the Company are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Prospectus.

4.4 Presentation of Financial information

Historical Financial information

The Company has prepared consolidated audited financial statements as of and for the year ended 31 December 2020, with comparable 2019 financial figures (the “**2020 Financial Statements**”). The Company was incorporated under the name Salmon Evolution Holding AS, but changed its name to Salmon Evolution Holding ASA in March 2021 in connection with the conversion into a public limited company and subsequently changed its name to Salmon Evolution ASA in May 2021. The Company’s subsidiary Salmon Evolution Norway AS (“**SENAS**”), previously named Salmon Evolution AS, has prepared audited financial statements for 2019, with comparable 2018 figures (the “**2019 Financial Statements**”). Both the 2020 Financial Statements and the 2019 Financial Statements have been prepared in accordance with IFRS as approved by EU. Additionally, SENAS has prepared audited financial statements for 2018 with comparable 2017 figures, prepared in accordance with Norwegian generally accepted accounting principles (NGAAP) (“**2018 Financial Statements**”).

The Company was incorporated on 3 July 2020. Through a share exchange on 4 August 2020 the Company became the holding company of the Group (see further details under section 5.3 The Reorganization). The Company has determined that the transfer of SENAS (representing the business) into the Company in the said share exchange constituted a transaction under common control. The Reorganization was therefore considered to be outside the scope of IFRS 3 “Business combinations”, as IFRS 3 specifically does not apply to a combination of entities or businesses under common control.

The Company has therefore recognized the carrying values of assets and liabilities of SENAS transferred to the Company in line with the existing carrying values in SEAS, i.e. to continuity (predecessor accounting). As such the Reorganization did not result in any purchase price analysis, fair value adjustments or goodwill, and there were no uplift to the carrying values of assets and liabilities in the consolidated financial statements compared to what was recognized in SEAS’ financial statements.

In the following the financial figures for the year 2020 has been derived from the 2020 Financial Statements, while financial figures for 2019 and 2018 have been derived from the 2019 Financial Statements.

Interim condensed financial statements for the 3 months ended 31 March 2021, with comparable figures, have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” as adopted by the EU (“**IAS 34**”) (the “**Interim Financial Statements**”).

The 2020 Financial Statements and the 2019 Financial Statements have been audited by BDO, as set forth in the auditor’s reports included with the 2020 Financial Statements and the 2019 Financial Statements. BDO has also issued a report on the review of the Interim Financial Statements, which is included together with the Interim Financial Statements in Appendix A.

The 2020 Financial Statements, the 2019 Financial Statements, the 2018 Financial Statements and the Interim Financial Statements are included in Appendix A to this Prospectus.

Non-IFRS Financial Information

The Company will make use of certain non-IFRS measures (referred to as Alternative Performance Measures “**APMs**”) in its communication with investors. Some of these APMs are applied in this Prospectus; please see section 8.5 The Company defines the relevant APMs as follows:

- EBIT is defined as earnings before interest and taxes. It is a measure of a firm’s profit that includes all incomes and expenses, except for interest expenses and income tax expenses. EBIT is a common measure in the industry in which the Company operates, however it may be calculated differently by other companies and may not be comparable.
- EBITDA is defined as earnings before interest, taxes, depreciation and amortisation. EBITDA is a common measure in the industry in which the Company operates, however it may be calculated differently by other companies and may not be comparable. The Company believes that EBITDA is a measure relevant to investors who wants to understand the generation of earnings from the Company’s business and who would compare the Company’s EBITDA with peers, as EBITDA is unaffected by financial leverage. EBITDA will also provide insight for investors into the Company’s dividend and debt servicing capacity.
- CAPEX is defined as capital expenses, i.e. the cash used (or planned to be used) by the Company for investing activities.

These APMs are not required by, or presented in accordance with, IFRS or the accounting standards of any other jurisdiction. Such measures are not measurements of financial performance or liquidity under IFRS, are not audited, and should not replace measures of liquidity or operating profit that are derived in accordance with IFRS. See section 8.5 for APMs prepared by the Company.

4.5 Presentation of Industry Data and Other Information

Sources of Industry and Market Data

To the extent not otherwise indicated, the information contained in this Prospectus on the market environment, market developments, growth rates, market trends, market positions, industry trends, competition in the industry in which the Company operates and similar information are estimates based on data compiled by professional organisations, consultants and analysts; in addition to market data from other external and publicly available sources as well as the Company's knowledge of the markets.

While the Company has compiled, extracted and reproduced such market and other industry data from external sources, the Company has not independently verified the correctness of such data. Thus, the Company takes no responsibility for the correctness of such data. The Company cautions prospective investors not to place undue reliance on the above mentioned data.

Although the industry and market data are inherently imprecise, the Company confirms that where information has been sourced from a third party, such information has been accurately reproduced and that as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where information sourced from third parties has been presented, the source of such information has been identified.

In addition, although the Company believes its internal estimates to be reasonable, such estimates have not been verified by any independent sources and the Company cannot assure prospective investors as to their accuracy or that a third party using different methods to assemble, analyse or compute market data would obtain the same results. The Company does not intend to or assume any obligations to update industry or market data set forth in this Prospectus. Finally, behaviour, preferences and trends in the marketplace tend to change. As a result, prospective investors should be aware that data in this Prospectus and estimates based on those data may not be reliable indicators of future results.

Other Information

In this Prospectus, all references to "NOK" are to the lawful currency of Norway, all references to "EUR" are to the lawful currency of the EU and all references to "U.S. dollar", "US\$", "USD", or "\$" are to the lawful currency of the United States of America.

In this Prospectus all references to "EU" are to the European Union and its Member States as of the date of this Prospectus; all references to "EEA" are to the European Economic Area and its member states as of the date of this Prospectus; and all references to "US", "U.S." or "United States" are to the United States of America.

Certain figures included in this Prospectus have been subject to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly.

5. BUSINESS OVERVIEW

This Section provides an overview of the business of the Group as of the date of this Prospectus. The following discussion contains Forward-looking Statements that reflect the Company's plans and estimates; see Section 4.1 "General Information—Cautionary Note Regarding Forward-Looking Statements". You should read this Section in conjunction with the other parts of this Prospectus, in particular Section 2 "Risk Factors".

5.1 Introduction

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. 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 Facility (covering First, Second and Third Phase) is designed for an annual capacity of approx. 31,500 metric tons of head-on gutted ("HOG") salmon. The Company's wholly owned subsidiary Salmon Evolution Asia AS ("SE Asia") has also entered into a joint venture with Dongwon Industries where the parties will develop, construct and operate a land-based salmon farming facility in South Korea with an annual production capacity of 16,800 metric tons HOG, using Salmon Evolution's HFS technology.

The Hybrid Flow-through system

The Hybrid Flow-through System is based on the experience from decades of smolt and post smolt production. Operations on the smolt side has shown that reuse of water is a cost effective way to increase productivity but the experience has also been that when increasing the level of recirculation above 65-70%, there has been an exponential increase in risk and complexity. There are several water treatment elements that are needed in a system that relies in an intense level of recirculation. Among these is the need for a biofilter, which is not part of the HFS system.

Salmon Evolution's approach is to not reuse more than 65% of the water, and thus eliminate the need for a biofilter but instead use continuous supply of sufficient new sea-water as the primary water treatment element. This dilutes all unwanted elements in the water and thus provide excellent growth conditions for the salmon. Using HFS, the only water treatment, besides providing new sea-water, will be to add oxygen and aerinite for CO₂, which is something that has been done for decades in the smolt industry. Moving away from the risky and complex elements of water treatment the company can operate with significant lower risk of unwanted events to occur. The company has also designed the system to have each tank as a completely individual biozone. This reduce the effects of a potential event to the minimum, as the water from on tank never will be mixed with another.

The water that flows out of the tanks flows directly through a drum filter, that further collects the sludge, and then sends the wastewater back to the sea through a wastewater tunnel. The wastewater tunnel ends at 50 meters water depth at the tip of Indre Harøy.

5.2 Principal Activities

The Facility at Indre Harøy, Norway

The Group has secured a license for 13,300 metric tons of maximum allowed biomass ("MAB") on Indre Harøy in Hustadvika municipality, Norway, expected to be fully utilized at the Facility upon completion of the Facility estimated during 2028, which will give an annual production capacity of 31,500 metric tons HOG. The license is granted by Møre og Romsdal Fylkeskommune and is given on a perpetual basis subject to the Group being in compliance with granted permits, laws and regulations. Please see section 9.14 "Regulatory overview" for further details relating to the relevant laws and regulations.

The Facility's location is strategically located on the Norwegian west coast with access to an educated and experienced work force, established infrastructure for salmon farming, renewable energy and unlimited fresh seawater. Salmon Evolution intends to combine water intake from 25 - 90 meters to utilize seasonal variations and reducing the need to heat or cool the water before entering the fish tanks. The construction of the Facility is taking place through the Company's wholly owned subsidiary Salmon Evolution Norway AS¹ ("SENAS").

The Company's current plan comprise that the construction of the Facility will consist of three phases. The construction of First Phase of the Facility started in Q2 2020 and, upon its completion, is expected to consist of 12 grow out tanks, each with a capacity of approximately 5,000 m³ of water, from which the Company plans to harvest approximately 7,900 metric tons HOG of salmon per year (the "First Phase").

¹ Previously named Salmon Evolution AS.

The First Phase is scheduled to be completed in Q4 2022 and cost of completion is estimated to approximately NOK 1.8. billion, of which approximately NOK 350 million has been used as per 31 March 2021. The First Phase is scheduled to be completed in Q4 2022 and cost of completion is estimated to approximately NOK 1.8. billion, of which approximately NOK 350 million has been used as per 31 March 2021. The First Phase is constructed to be able to be put into operation independent of the Second Phase and/or the Third Phase of the Facility, and is intended to be completed even if the Company, for any reason, is not able to commence and/or complete the remaining construction phases (Second Phase and Third Phase). Accordingly, the Company intends to operate its business in Indre Harøy based on the First Phase facility until it is able to construct the Second Phase and/or the Third Phase. Furthermore, the Second Phase project is not dependent on the completion of the First Phase, and may commence as planned even if there are any delays in completion of the First Phase.

The Company has raised in total NOK 1,360 million in equity. Further, the Company has entered into certain loan agreements with Nordea Bank Abp, filial i Norge (“Nordea”), Sparebanken Vest and Innovation Norway (together the “Lenders”) for a senior secured debt financing package of up to NOK 625 million (the “NOK 625 Million Loan Facility Agreements”), which together with the equity raised will fully-finance the First Phase (see further details in section 5.6 and 9.6 about the NOK 625 Million Loan Facility). In addition, the Company has received grants from ENOVA and Skattefunn totalling NOK 111 million.

The second phase (which is currently not committed) is planned to begin in 2022 and consists of building out an additional 12 grow out tanks and 2 holding tanks. The Group has also secured a license for 370 tons of MAB for smolt production at the Facility and under the current plan for the development of the Facility, the second phase also includes construction of a smolt facility with a planned capacity of approximately 7.5 million smolt annually, giving the Company logistical, operational and biological control (the “Second Phase”). The license is granted by Møre og Romsdal Fylkeskommune and is given on a perpetual basis subject to the Group being in compliance with granted permits, laws and regulations. Please see section 9.14 “Regulatory overview” for further details relating to the relevant laws and regulations.



As sourcing of smolt is of strategic importance for the Company, the Group is also considering other alternatives with respect to securing in-house smolt and no decision has been made whether the Company should construct its own smolt facility, or source smolt from third parties. This may affect timing and scope for the potential smolt facility at Indre Harøy. Upon completion of the Second phase, scheduled to be in 2024, the Company plans to harvest approximately 15,700 metric tons HOG of salmon per year. The Second Phase is expected to require additional investments of approximately NOK 1.2 billion, excluding investments related to the potential smolt facility (if any). If the Company decides to construct the smolt facility, additional funding will be required.

Lastly, the third phase of the construction (which is currently not committed) is scheduled to begin in 2024 and completed in 2028 (the “Third Phase” and together with the First Phase and Second Phase, the “Construction Phases”). The Third Phase consists of constructing additional 24 grow-out tanks and 4 holding tanks. Following the completion of the Third Phase, the Company intends to harvest approximately 31,500 metric tons HOG of salmon each year. The Third Phase is expected to require additional investments of approximately NOK 2.1 billion.

The estimated capital needed to construct the Second Phase and the Third Phase are preliminary estimates only based on the estimated construction cost for the First Phase and expected synergy effects thereof, including a customary buffer.

The capital need may therefore change (increase or decrease) and will be subject to final adjustments as part of the projecting phase.

Global expansion plan and the joint venture with Dongwon Industries

Salmon Evolution’s production concept is scalable outside Norway and the Company has strong international ambitions. The Company will focus on geographical locations with water conditions favouring the use of HFS technology in addition to locations with limited access to local salmon farming production volumes.

The strategy for the international expansion is to build on the experiences and knowledge obtained from the First Phase at Indre Harøy. Furthermore, when expanding internationally, the Company will seek to do so in cooperation with first class partners.

On 31 March 2021, Salmon Evolution signed a joint-venture agreement (the “**JV Agreement**”) with the Korean seafood giant Dongwon Industries for a 16,800 metric tons HOG production facility in South Korea. As per the JV Agreement, the joint venture is organized as a Korean joint stock company named K Smart Farming Co., Ltd. (“**K Smart**”). K Smart is a 49/51 joint venture that will develop, construct, and operate a land-based salmon farming facility of harvestable Atlantic salmon per year in South Korea, using Salmon Evolution’s hybrid flow-through system technology. The first grow-out production is targeted in 2024. The Company through its wholly owned subsidiary SE Asia owns 49% of the shares in K Smart, with Dongwon Industries holding the remaining 51%. Please see section 5.6 for more details on the JV Agreement.

The project is split into two phases, each with a production capacity of 8,400 metric tons HOG. Project cost for phase 1 for the JV is estimated to be about NOK 1.6 billion. The funding structure will be 25% equity and 75% debt, where Dongwon will facilitate debt financing in K Smart at attractive cost levels. Equity contribution from Salmon Evolution is estimated to NOK 200 million for the whole project on a fully funded basis, including phase 2. Phase 2 is planned financed with operating cash flow in K Smart and local debt financing.

The equity contribution from the parties is split in three milestone driven tranches and Salmon Evolution has executed its first tranche of NOK 27.4 million in May 2021. The second tranche of around NOK 37 million is expected to be paid by Salmon Evolution during 2022, while the remaining NOK -135 million is to be paid upon the arrangement of debt financing agreements for K Smart, tentatively late 2022 or first half of 2023. Salmon Evolution secured financing for its NOK 200 million equity contribution through the NOK 500 million private placement carried out in mid-March 2021 together with the NOK 625 Million Loan Facility Agreements (see further details in section 5.6 and 9.6 about the NOK 625 Million Loan Facility Agreements). Together with Dongwon Industries’ initial equity investment into K Smart, the proceeds will be used to finance:

- Design and engineering
- Site evaluation and permitting
- Acquisition of an existing and operating smolt facility in Jeongseon of which closing has already taken place
- General corporate purposes for the JV

5.3 The Reorganization

On 4 August 2020, the Group completed a reorganization whereby the Company became the parent of the Group and the owner of 100% of the shares in Salmon Evolution Norway AS (the “**Reorganization**”). The new holding structure was established through a share exchange, whereby each share in Salmon Evolution Norway AS was exchanged with one share in the Company. The share exchange was carried out as a contribution-in-kind whereby each of the shareholders in Salmon Evolution Norway AS contributed their shares to the Company as settlement for subscribing for a corresponding number of Shares in the Company. The purpose of the Reorganization was to establish a holding company structure prior to listing on Euronext Growth.

Salmon Evolution Norway AS is the Company’s fully owned subsidiary, which currently is undertaking the First Phase construction project.

5.4 History and Development

The table below presents an overview of the key events in the history of the Group:

Date	Event
July 2017	Salmon Evolution Norway AS was established
January 2019	Salmon Evolution Norway AS raised NOK 50 million in a private placement

March 2020	Salmon Evolution Norway AS raised NOK 258 million in a private placement
May 2020	Salmon Evolution Norway AS initiated the first phase of the construction of the Group's land-based salmon facility
June 2020	Håkon Andre Berg was appointed CEO
July 2020	The Company was incorporated and a group structure was established
July 2020	Salmon Evolution Norway AS announced that it had entered into an investment agreement with Dongwon Industries and completed a NOK 50 million private placement towards Dongwon Industries
August 2020	The completion of the Reorganization, resulting in SENAS becoming a wholly owned subsidiary of the Company
September 2020	Completion of a private placement of new Shares in the Company raising gross proceeds of NOK 500 million, and admission to trading of the Company's shares on Euronext Growth.
November 2020	Received funding commitment from Enova of NOK 96.8 million. The support related to the ongoing construction of our fish farm at Indre Harøy.
February 2021	Signed joint venture term sheet with Dongwon Industries. The joint venture is to be named K-Smart Farming, and its purpose is to develop, construct and operate a land-based salmon farming facility with an annual capacity of 16,800 metric tons HOG in South Korea using Salmon Evolution's hybrid flow-through technology.
March 2021	Completion of a private placement, raising gross proceeds of approximately NOK 500 million. Formalization of K Smart joint venture with Dongwon Industries.
April 2021	Signed committed term sheet with Nordea Bank Abp, filial i Norge and Sparebanken Vest for the NOK 625 million debt financing package. The Company incorporated its wholly owned subsidiary Salmon Evolution Asia AS for the purpose of owning 49% of K Smart.
June 2021	Signed loan agreements with Nordea Bank Abp, filial i Norge, Sparebanken Vest and Innovation Norway for the NOK 625 million debt financing package.

5.5 Disclosure About Dependency on Contracts, Patents and Licenses

The Construction Contract with Artec Aqua

The Company has entered into a partnering construction contract with Artec Aqua for the design and construction of the Facility (the "**Construction Contract**"). The Construction Contract is based on the Norwegian Standard contract for design and build contracts, NS 8407, with several deviations.

The Construction Contract includes the design and construction of the First Phase. Upon completion of the First Phase, the Company aims to obtain a production capacity of 7,900 metric tons HOG of salmon per year. The Construction Contract is divided into two phases: the planning and the execution phase. During both phases, the Construction Contract is based on a principle of wide collaboration between the parties.

The pricing in the Construction Contract is on a cost-plus basis with a target price of approximately NOK 1.3 billion. Artec Aqua can claim compensation for the work in accordance with the agreed price per hour and mark-up in both the planning and execution phase. During the execution phase there will be an ongoing interaction between Artec Aqua and Salmon Evolution that seeks to monitor the target price. Change orders that is approved by Salmon Evolution will result in an

adjustment of the target price. If the agreed target price is exceeded, as a result of a cost overrun not linked to change orders approved by Salmon Evolution, Artec Aqua will be compensated the actual overspent cost, but with no margin.

The time schedule for the execution and completion of the Construction Contract was agreed upon in the transition between the planning phase and the execution phase and consists of three milestones with daily penalties. All three milestones have grace periods of one to two weeks. Complete handover of the First Phase is set to 29 November 2022. Artec Aqua is on certain terms liable for any overruns of the milestones, with a daily penalty of ½ % of the contract sum and a maximum penalty of NOK 10 million of the contract sum. According to a claw-back clause, Artec Aqua can recover already accrued penalty by early delivery of subsequent milestones. As of the date of this Prospectus the First Phase project is progressing according to plan, i.e. this project is on time and on budget.

The Construction Contract deviates from market practice on several points, inter alia, the parties are not obliged to sign warranties as a security for the fulfilment of their contract obligations. However, Artec Aqua is to sign a warranty on 3 % of the contract sum as security for their obligation to rectify deviations after handover.

Currently, the estimated completion cost for the First Phase is approximately NOK 1.8 billion which also include contingency buffers, financing costs, building of organization and negative operating cash flow during the construction period and working capital build up, and is expected to be completed during Q4 2022. However, any delays and/or cost overruns may result in a delay in completion of the First Phase of the Facility. The First Phase is fully financed through equity, debt financing and grants from ENOVA and Skattefunn. Please see section 9.6 for a description of the Group's debt financing.

Please see relevant risk factors included in Section 2 for more details on the financing of the construction of the Facility and the Company's liquidity.

For further discussions about the HFS technology and patents please see section 5.1 and 9.15.

5.6 Material Contracts

Except as set out below, the Group has not entered into any material contracts outside of its ordinary course of business.

The Exclusivity Agreement with Artec Aqua

The Company has entered into an exclusivity agreement with Artec Aqua (the "**Exclusivity Agreement**"). The Exclusivity Agreement is applicable in two years from signing the Construction Contract, i.e. two years from 15 October 2019, with an agreed intention to negotiate a two year extension up to four times. According to the Exclusivity Agreement, the Company has an exclusive right to use Aqua Artec as complete supplier of landbased edible fish facilities for production of salmon, where the facilities are based on re-use technology. The Company is correspondingly obliged to use Artec Aqua as complete supplier on all later building steps of the Facility. Further, Artec Aqua has the same exclusive right and obligation to be the complete supplier of all seafood facilities with associated smolt installations that the Company constructs, or that is constructed by a company where the Company directly or indirectly controls more than 50 % of the shares. The right is applicable both in Norway and abroad. The Exclusivity agreement is not applicable on facilities that are based on recycling technology.

As long as the Exclusivity Agreement is applicable, the Company cannot directly or indirectly hold shares in a company for smolt or edible fish production that uses other suppliers than Artec Aqua to construct landbased edible fish or smolt facilities based on re-use technology or flow through technology.

NOK 625 Million Loan Facility Agreements

On 25 June 2021, the Company, together with its subsidiary SENAS, entered into a senior secured NOK 625 million debt financing relating to its First Phase build out at Indre Harøy (the "**NOK 625 Million Loan Facility Agreements**") with Nordea, Sparebanken Vest and Innovation Norway (together the "**Lenders**"). The NOK 625 Million Loan Facility Agreements consist of the following credit facilities:

- (a) a NOK 525 million senior secured credit facility with SENAS as borrower and the Company as a guarantor, Nordea as agent and Sparebanken Vest as co-lender for the purpose of financing the construction CAPEX for Indre Harøy First Phase (the "**Construction Facility**");
- (b) two long term facilities in the aggregate amount of NOK 525 which shall be used to refinance the Construction Facility (see above) upon completion of Indre Harøy First Phase, and which consist of the following:

- (i) a NOK 385 million senior secured term loan facility with SENAS as borrower and the Company as a guarantor, Nordea as agent and Sparebanken Vest as co-lender (the “**Term Loan Facility**”); and
- (ii) a NOK 140 million senior secured long term facility with SENAS as borrower, the Company as a guarantor, and Innovation Norway as Lender (the “**IN Loan**”), entered into as a separate agreement with Innovation Norway.
- (c) a NOK 100 million senior secured overdraft facility with the Company as borrower, SENAS as guarantor, and Nordea as Lender, which will be used for working capital purposes, hereunder financing of biomass and receivables (the “**Overdraft Facility**”), entered into as a separate agreement with Nordea.²

The Group has currently drawn NOK 50 million on the Construction Facility, of which NOK 40 million was used to fully repay the NOK 40 Million Mortgage Loan.

The Term Loan Facility will be repaid over a 15 year profile and have a 3 year term from completion of Indre Harøy First Phase with 2x1 year options to request extension, resulting in a maximum term of up to 5 years from completion of Indre Harøy First Phase. Each Lender may, in its sole discretion, decide whether to extend its commitment for such further period. Proceeds from these debt financing arrangements will be used for funding the Company’s operations and construction, as well as for general corporate purposes. The NOK 625 Million Loan Facility Agreements are subject to a change of control restriction whereby the Lenders may require full repayment upon a person or a group of persons acting in concert obtaining 50% or more of the shares and voting rights in the Company, and customary financial covenants such as minimum equity ratio, EBITDA and cash levels. The NOK 625 Million Loan Facility Agreements are, inter alia, secured through a share pledge over the shares in SENAS, pledges over the land plot where the Facility is being constructed, intra-group loans, SENAS’ operating licences and certain other pledges and assignments of SENAS’ material assets.

In addition the Company has provided a parent guarantee (*Nw: Selvskyldnerkausjon*) to the Lenders for SENAS financial performance under the loan contract. 50 % of the amount under the Construction Facility or the Term Loan Facility have also been guaranteed by Export Finance Norway³ (“**Eksfin**”).

Joint venture agreement with Dongwon Industries

On 31 March 2021, the Company entered into the JV Agreement with Dongwon Industries which regulates the two parties’ rights and responsibilities in connection with the K Smart joint venture, where the Company will have a 49% ownership and Dongwon Industries 51% ownership. As per the JV Agreement the parties have agreed that K Smart, for a period of 5 years, shall be their exclusive vehicle for land-based salmon farming facilities in South Korea and Japan. The JV Agreement may be terminated upon (i) the completion of an initial public offering of K Smart, (ii) K Smart ceasing to exist, (iii) either of the shareholders being dissolved, liquidated or declared bankrupt or a voluntary or involuntary bankruptcy filing is made by or against such shareholder, (iv) either of the shareholders’ ownership in K Smart falling below 10% and (v) the parties mutually agree in writing to terminate the agreement.

Pursuant to the JV Agreement, Dongwon Industries has the right to appoint the CEO and CFO of K Smart and Salmon Evolution has the right to appoint one other C-level executive. The Company’s Board member and CFO of Dongwon Industries, Kiyun Yun, is currently the CEO of K Smart. The board of directors of K Smart comprises of five members, of which Dongwon has the right to appoint three directors, and Salmon Evolution has the right to appoint two directors. Though Salmon Evolution could with its 49% ownership and minority position in the board have limited influence over decision-making in K Smart, the JV Agreement includes a comprehensive set of corporate governance principles that aims to ensure transparency, mutual influence and balance in the partnership structure, including a wide-ranging list of topics that are subject to mutual agreement between the joint venture partners, irrespective of their ownership share. Such topics include consent to long-term business strategy, plans and budgets, material capital investment or expenditure, entry into debt financing arrangements or any other assumption or incurrence of debt, agreement or transaction with an affiliate and related party, giving of any guarantee or indemnity other than in the ordinary course of business, mergers/demerges, liquidation, dissolution or wind-up, or insolvency proceedings or declaration of bankruptcy. The JV Agreement may be terminated upon (i) the completion of an initial public offering of K Smart, (ii) K Smart ceasing to exist, (iii) either of the shareholders being dissolved, liquidated or declared bankrupt or a voluntary or involuntary bankruptcy filing is made by or against such shareholder, (iv) either of the shareholders’ ownership in K Smart falling below 10% and (v) the parties mutually agree in writing to terminate the agreement.

² The Overdraft Facility is entered into by the Company as borrower, and SENAS as guarantor

³ Previously named the Norwegian Export Credit Guarantee Agency.

5.7 Legal and Arbitration Proceedings

As of the date of this Prospectus, the Company is not aware of any governmental, legal or arbitration proceedings during the course of the preceding twelve months, including any such proceedings which are pending or threatened, of such importance that they have had in the recent past, or may have, a significant effect on the Company or the Group's financial position or profitability.

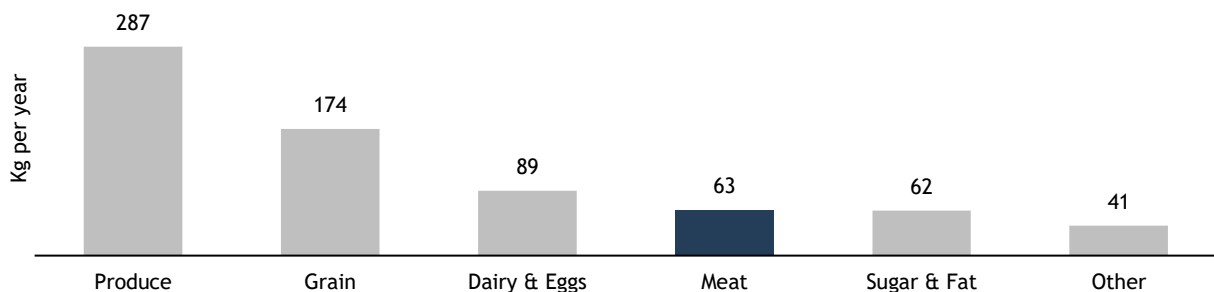
6. INDUSTRY OVERVIEW

This Section discusses the industry and markets in which the Group operates. Certain of the information in this Section relating to market environment, market developments, growth rates, market trends, industry trends, competition and similar information are estimates based on data compiled by professional organisations, consultants and analysts; in addition to market data from other external and publicly available sources, and the Company's knowledge of the markets, see Section 4.2 "General Information—Presentation of Market Data and Other Information—Sources of Industry and Market Data". The following discussion contains Forward-looking Statements, see Section 4.3 "General Information—Cautionary Note Regarding Forward-Looking Statements". Any forecast information and other Forward-looking Statements in this Section are not guarantees of future outcomes and these future outcomes could differ materially from current expectations. Numerous factors could cause or contribute to such differences, see Section 2 "Risk Factors" for further details.

6.1 Global fish consumption

The average human ate around 717 kg food in 2018. Most of this food is produce such as vegetables, fruits and starchy roots. Meat such as seafood, poultry, pork and beef has gradually become a larger part of the overall food mix, with per capita consumption having more than doubled since 1960. Seafood has been a big contributor to the growth in meat consumption.

Per capita food consumption (2018)

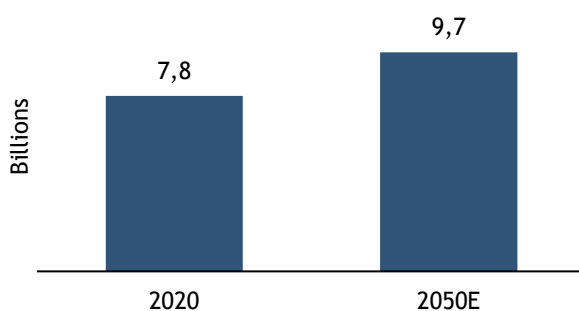


Source: MOWI Salmon Farming Industry Handbook 2021

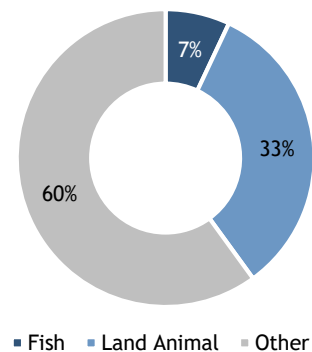
6.1.1 Population growth as a driver for protein demand

Despite the increase in consumption since the 1960s, fish accounts for only 7% of the protein sources for human consumption. According to The United Nations, world population will grow from 7.8 billion in 2020 to 9.7 billion in 2050, corresponding to an increase of 1.9 billion or 25%. A rising population gives increased demand for food and animal protein. Assuming constant consumption per capita, this implies increased meat demand of 122 million metric tons per year.

World population



Protein sources for human consumption



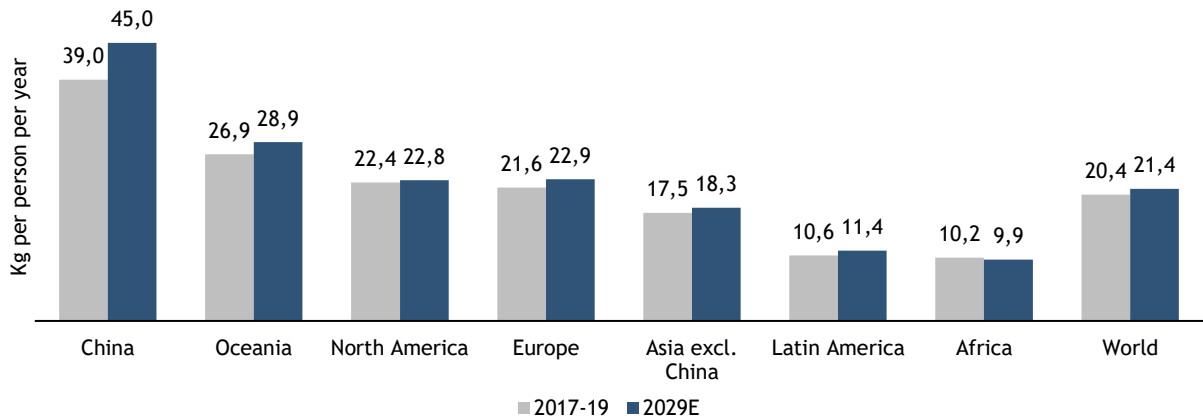
Source: Left figure: The United Nations World Population Prospects 2019
Right figure: MOWI Salmon Farming Industry Handbook 2021

6.1.2 Fish consumption per capita

According to FAO, global fish consumption per capita will increase from 20.4 kg in 2017-2019 to 21.4 kg in 2029. The consumption is expected to increase in all continents except Africa, where population growth is expected to outpace food fish supply. Consumption growth is expected to increase more strongly in developing countries than in developed countries,

and the main growth driver is expected to be China. A growing middle class in emerging markets is also expected to lead to increased consumption of high-quality proteins such as Atlantic salmon.

Fish consumption per capita

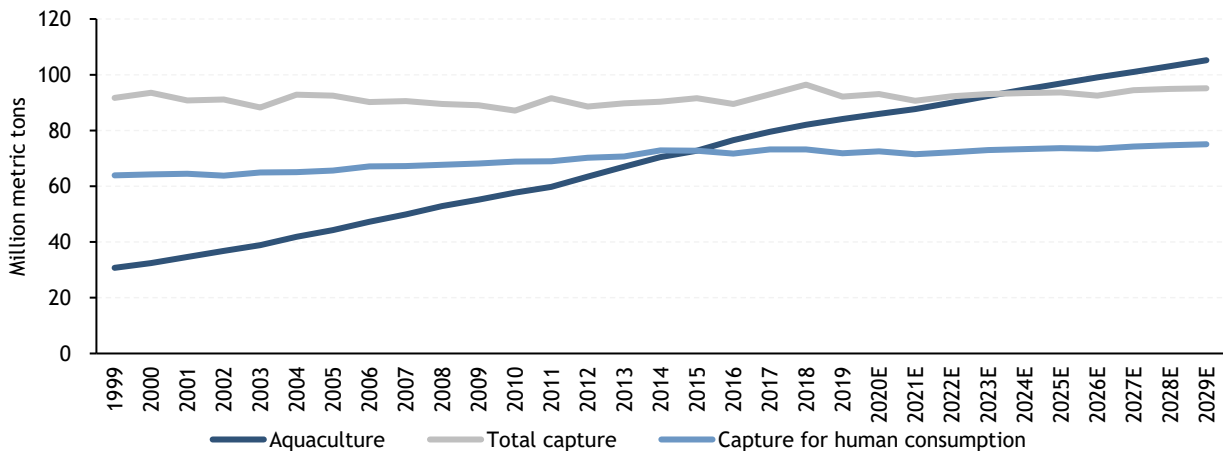


Source: OECD-FAO Agricultural Outlook 2020-2029

6.1.3 Aquaculture and wild capture fisheries

Fish supply from wild capture has stagnated since the mid-1990s, as many fisheries have approached their maximum sustainable catch levels. While fish from wild capture is expected to continue its flat trajectory in the period 2020 to 2029, fish from aquaculture is forecasted to grow at an annual growth rate of approximately 2.3%. Aquaculture production is projected to reach 52% of total fish supply by 2029, and to surpass supply from wild capture in 2024. Aquaculture production volumes surpassed volumes from wild capture for human consumption in 2016.

Aquaculture and capture fisheries volumes

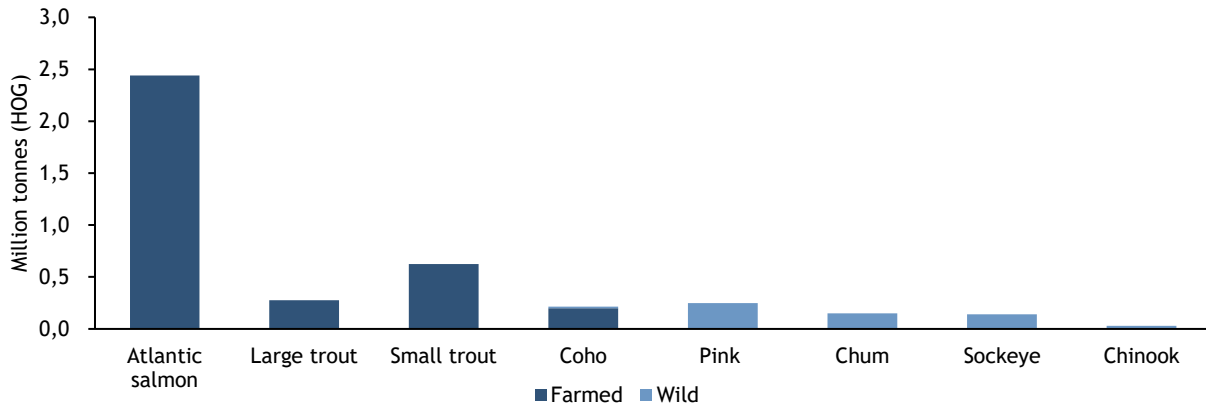


Source: OECD-FAO Agricultural Outlook 2020-2029

6.1.4 Salmonids as part of global fish supply

Salmonids represent a small, but high value, seafood category which accounted for only 4.6% of the global seafood supply in 2019. The family includes the following species: Atlantic salmon, trout, Chum, Pink, Sockeye, Coho and Chinook. Atlantic salmon represents the largest specie. Farmed salmonids predominantly comprise of Atlantic salmon, trout and Coho. Wild catch of salmonids has ranged between approximately 0.5 and 1.0 million metric tons (WFE) between 2011 and 2020.

Salmonid production by specie



Source: MOWI Salmon Farming Industry Handbook 2021

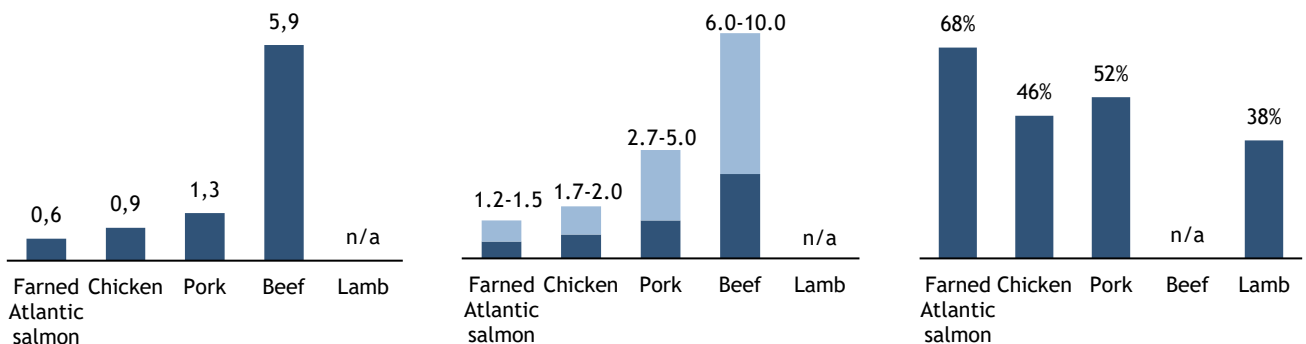
6.1.5 Sustainability

Salmon production offers high resource efficiency compared to the dominating protein sources from land animals. Farmed salmon yields 61 kg of edible meat per 100 kg of feed compared to 24 kg for poultry and 17 kg for pork. Farmed salmon also offers high energy retention, which is measured by dividing energy in edible parts by gross energy. The main reason why salmon convert protein and energy to body muscle and weight so efficiently is because they are cold-blooded and therefore do not have to use energy to heat their bodies, as well not having to stand up, compared to land animals. According to Global Salmon Initiative, salmon production is also less harmful for the environment compared to chicken, pork and beef, as it has a lower carbon footprint and requires less water.

Carbon footprint

Feed conversion ratio (FCR)

Edible yield



Source: Global Salmon Initiative⁴

Land-based salmon farming in geographical regions close to end-consumers could lower the carbon footprint compared to conventional salmon farming considerably. In addition, land-based salmon farming may introduce less local pollution, lower risk of sea lice, fish escapes and diseases, less use of antibiotics and improved utilisation of waste. These attributes of land-based salmon farming could appeal to consumers and investors.

6.1.6 Health benefits

Seafood is considered a healthy source of protein compared to meat from land animal, due to its low cholesterol content and high levels of Omega 3 and fatty acids with scientifically proven health benefits. FAO has previously highlighted “Fish is a food of excellent nutritional value, providing high quality protein and a wide variety of vitamins and minerals, including vitamins A and D, phosphorus, magnesium, selenium and iodine in marine fish”. Further, the Norwegian Directorate of Health has recommended consuming fish minimum two-three days a week, equaling approximately 400-600 grams of fish. In addition, the EAT-Lancet Commission recommends increased consumption of fish, dry beans and nuts as sustainable, healthy protein sources.

6.1.7 Consumer trends

The increase in consumption of farmed salmon has been fueled by trends in consumer behaviour. First, consumption of premium food products such as salmon is linked to disposable income, and increasingly sophisticated consumers have driven demand for restaurant meals and ready-to-cook supermarket products. Second, sustainability and environmental friendliness has received more attention among consumers which has led both producers and retailers to focus more on

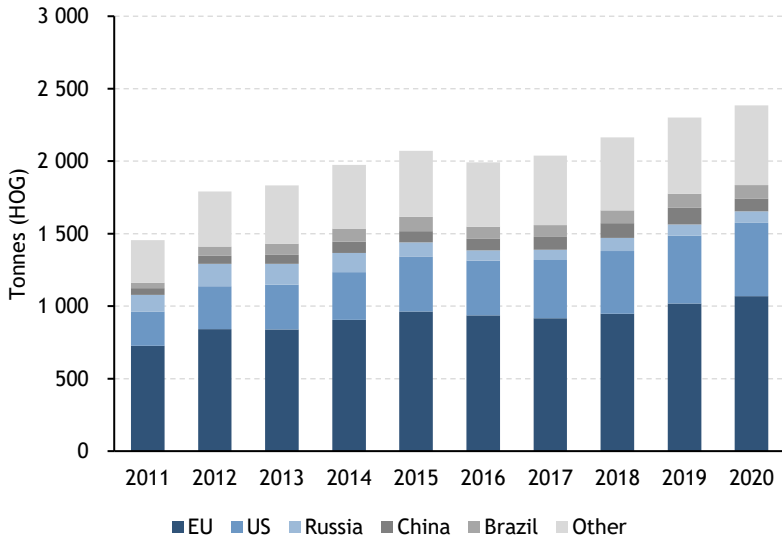
⁴ Figures reflect data from farmed salmon in general.

sustainable production and transparency. The favourable characteristics compared to many other animal proteins related to e.g. animal welfare, resource efficiency and environmental impact highlights salmon as a good alternative for the consumer. Third, an increase in obesity and lifestyle diseases drives increased attention to the favourable health impacts of salmon compared to the alternative protein sources.

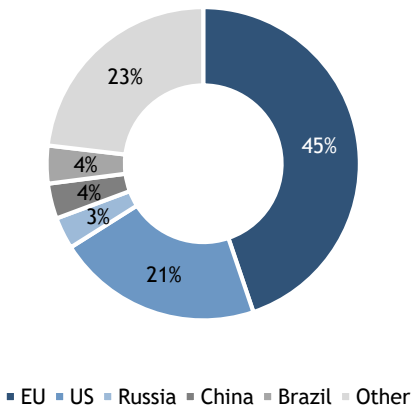
6.2 Demand

The largest end markets for Atlantic salmon are the EU, United States, Russia, China and Brazil. Given salmon’s freshness and limited shelf life, the fish produced in a given period will to a large extent be sold and consumed in the same period. The fastest growing markets have recently been the United States and emerging markets such as China and Brazil. According to Kontali, the global market for Atlantic salmon has grown by a CAGR of 6% over the last 10 years.

Atlantic salmon demand development



Atlantic salmon demand by geography (2020)

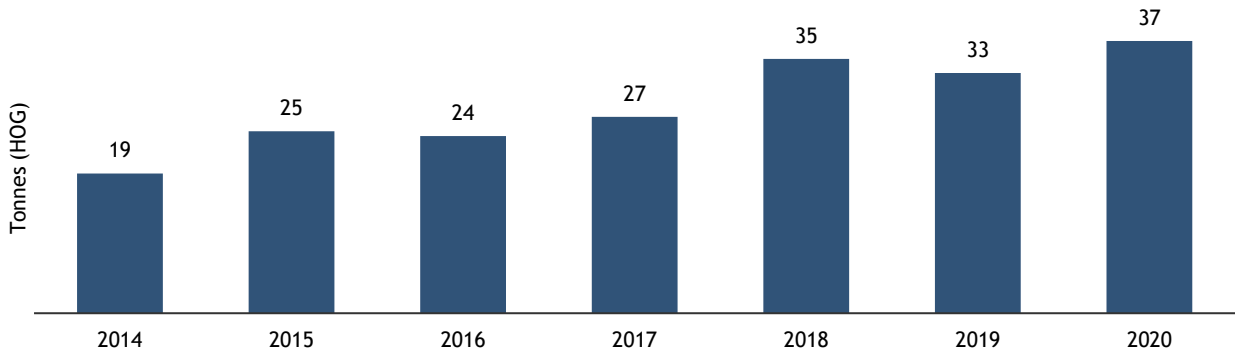


Source: Kontali Analyse Monthly Salmon Reports (December 2011 - 2020)

6.2.1 South Korea

South Korea is a fast-growing market for salmon. Demand for Atlantic salmon in South Korea has grown with a CAGR of 12% in the period 2014-2020. Norway is the largest supplier of Atlantic salmon to South Korea with a market share of 86% in 2020 followed by Chile with a market share of 13%. Most of the salmon supplied to South Korea is fresh, 86% in 2020. In addition to approximately 37,000 metric tons HOG of Atlantic salmon, approximately 4,000 metric tons HOG of Coho and approximately 10,000 metric tons HOG of wild salmonids were supplied to South Korea in 2020.

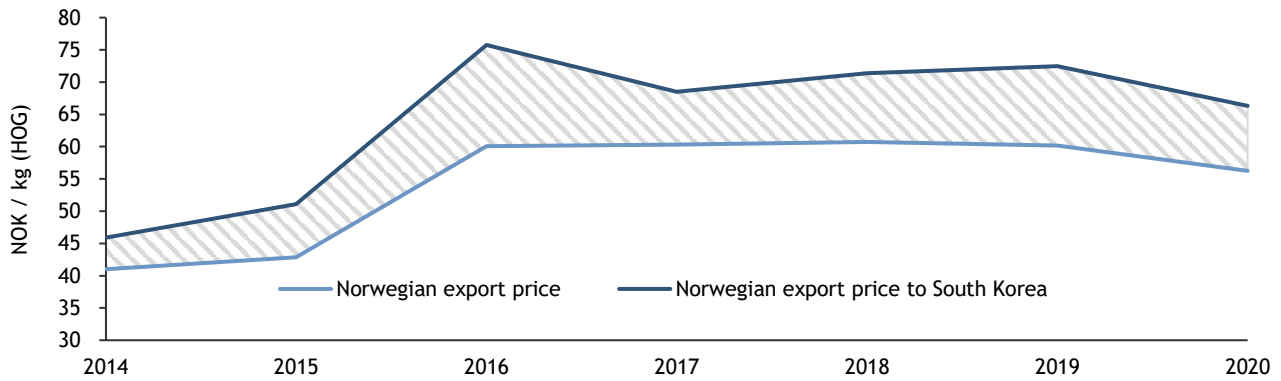
Supply of Atlantic salmon to South Korea



Source: Kontali Analyse (March 2021)

South Korea is a high paying market for Atlantic salmon. The Norwegian export price to South Korea has in the period 2014-2020 been NOK 10 per kg HOG on average higher compared to the average export price of Norwegian Atlantic salmon.

Norwegian export prices of Atlantic salmon from Norway



Source: Norwegian Seafood Council

6.3 Supply

Atlantic salmon thrives in fjords with a temperature of 8-14 degrees Celsius and the right current conditions, which leaves a limited amount of areas suitable for conventional salmon farming. The main countries for conventional salmon production are Norway (50% of global supply in 2020), Chile (29%), the UK (7%), Canada (5%) and the Faroe Islands (3%). Global harvest declined by 6.7% in 2016 due to an algal bloom in Chile and challenges related to sea lice in Norway.

Harvest

'000 metric tons

HOG	2015	2016	2017	2018	2019	2020
Norway	1,111	1,054	1,087	1,128	1,201	1,232
Chile	538	454	508	594	621	701
UK	150	142	159	137	171	160
Canada	122	131	123	132	124	126
Faroe Islands	68	70	72	65	78	73
Other	99	98	112	109	127	152
Total	2,088	1,948	2,061	2,165	2,323	2,444
% YoY growth	4.2 %	-6.7 %	5.8 %	5.0 %	7.3 %	5.2 %

Source: Kontali Analyse

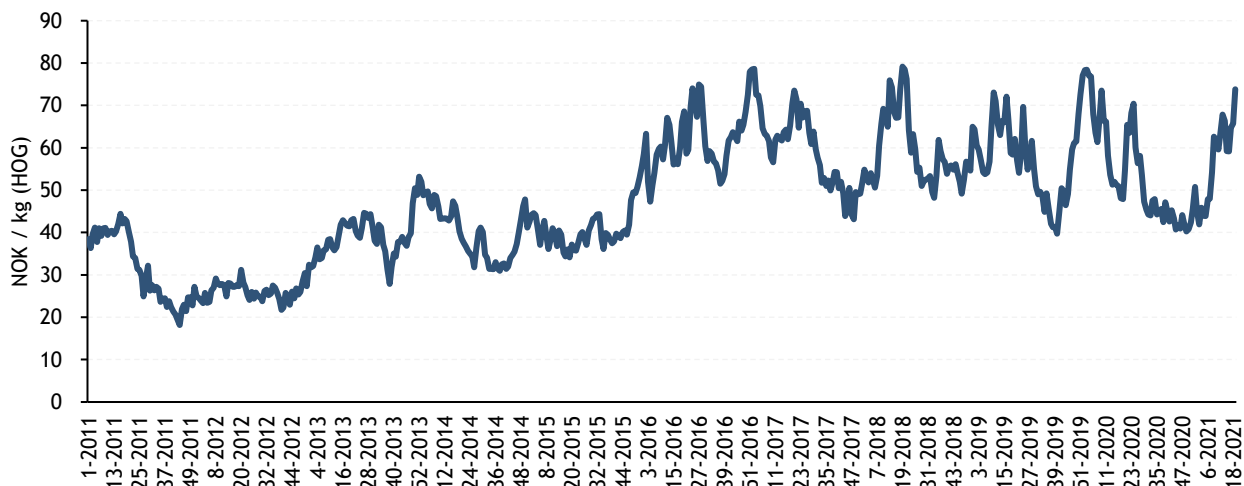
Although there are many planned land-based salmon farming projects, production volumes are still very limited. The successful realization of these projects will be dependent upon a number of factors, including financing and access to key personnel and suppliers. Although there is a significant long-term potential in producing substantial volumes of salmon on land, this will take time to develop given the relatively long lead times relating design and engineering, construction and commencement of production and biomass build-up. Land-based salmon farming is therefore not expected to pose and supply risk to the salmon market in the near to medium term.

6.4 Prices

The price for Atlantic salmon is generally determined in a spot or short-term contractual market, where the product is transferred to operators and payment is received upon delivery. This differs from many other commodities markets where participants can also speculate on prices without providing or taking physical delivery. The only significant futures market in existence for Atlantic salmon is Fish Pool, which is limited to Norwegian production. The perishability of the product and variance in quality, as well as numerous commercial specifications, are contributing factors to this structure.

Prices for Atlantic salmon are somewhat correlated across regions due to the commodity nature of the product. While markets are clearly regional, temporary developments, such as increased Norwegian exports to the US and Japan during past disease outbreaks in Chile, play an important role in maintaining this correlation. In high price environments, where traditional sources face supply constraints, more distant producers can utilize airfreight and fill the gap, levelling out price differences across regions.

Weekly price development for Atlantic salmon 2011-2021 (Week-Year on x axis)



Source: Kontali Analyse

The salmon market is characterized by a strong underlying demand and increased volumes are absorbed by development of new markets and growth in existing markets. The majority of the product is sold fresh and has to be consumed shortly thereafter due to perishability. With two- to three-year production cycles, supplied volume is relatively inelastic in the short term, causing price fluctuations. If growth in global production levels exceeds or is out-of-pace with growth in demand, downward pressure on prices in the future may be experienced.

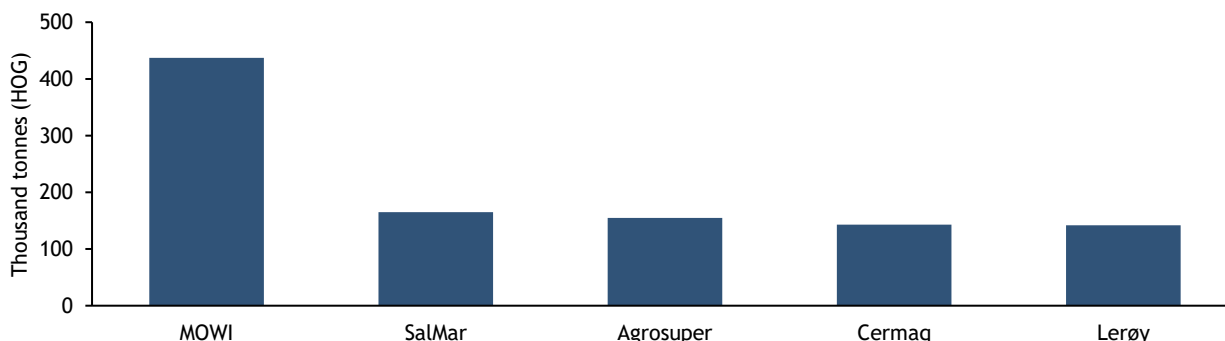
There price of salmon is also subject to a number of differentiating factors such as size where larger fish typically have been able to obtain a premium relative to smaller fish. There are also price differences from market to market, where some markets, for example overseas markets dependent upon airfreight, generally pay a higher price for the fish.

Salmon produced on land has a number of features that could warrant a premium relative to conventional salmon. This is particularly relevant as to the ESG aspects of producing salmon on land in a closed system where waste is filtered, collected and potentially recycled into e.g. fertilizer or biogas. Given the rising awareness globally amongst customers about environmental aspects in general, there is reason to believe that salmon produced on land could attract new types of customers that are willing to pay a higher price.

6.5 Industry structure

The salmon farming industry is characterised by a limited number of producers with operations in several countries and several producers with operations in one country. The largest producers focus primarily on farming of Atlantic salmon, but some also produce other species such as Coho and trout. The largest producers operate their own sea-based farming operations, but with a varying degree of value chain integration (e.g. smolt, wellboat, feed, etc.).

Top 5 global producers of Atlantic salmon



Source: MOWI Salmon Farming Industry Handbook 2021

7. CAPITALISATION AND INDEBTEDNESS

This Section provides information about (a) the Company's capitalisation and net financial indebtedness on an actual basis as of 31 March 2021 and (b) in the "As Adjusted" columns, the Company's capitalisation and net financial indebtedness on an adjusted basis to show the estimated effects of the Company's draw-down of NOK 50 million carried out in order to refinance the current NOK 40 million Mortgage Loan, on the Company's capitalisation and net financial indebtedness.

The information presented below should be read in conjunction with the other parts of this Prospectus, in particular Section 8 "Selected Financial and Operating Information", Section 9 "Operating and Financial Review", and the Company's Financial Statements and the notes related thereto, which are incorporated by reference to this Prospectus, see Section 16 "Documents on Display".

7.1 Capitalisation

The following table sets forth information about the Group's capitalisation, where the Company's capitalisation as of 31 March 2021 (see the "Actual" column - figures derived from the Interim Financial Statements) has been adjusted with the drawdown of NOK 50 million to refinance the NOK 40 Million Mortgage Loan in the "Adjustments" column, in order to reflect the Group's capitalisation as of the date of this Prospectus, presented in the final column "As Adjusted".

<i>In NOK thousands</i>	As of 31 March 2021 (audited)		
	Actual	Adjustment ⁽¹⁾	As Adjusted
Total current debt	113,692	-40,000	73,692
–Guaranteed			
–Secured ⁽²⁾	40,000	-40,000	0
–Unguaranteed/unsecured	73,692		73,692
Total non-current debt	1,226	50,000	51,226
–Guaranteed			
–Secured ⁽³⁾	0	50,000	50,000
–Unguaranteed/unsecured	1,226		1,226
Total debt (A)	114,918	10,000	124,918
Shareholders' equity			
–Share capital	15,153		15,153
–Legal reserves	1,345,930		1,345,930
–Other reserves	-98,985		-98,985
Total equity (B)	1,262,097		1,262,097
Total capitalization (A)+(B)	1,377,015	10,000	1,387,015

⁽¹⁾ Adjustment relating to the NOK 50 million drawdown under the Construction Facility, the drawdown was used to refinance the existing NOK 40 million Mortgage Loan.

⁽²⁾ The NOK 40 Million Mortgage Loan is secured by a pledge in the land plot where the Facility is being constructed.

⁽³⁾ The NOK 50 million loan (drawn under the Construction Facility) which was used to repay the NOK 40 Million Mortgage Loan, is secured through a first priority pledge over 100% of the shares in SENAS and a first priority assignment of intra-group loans; furthermore with first priority pledge over SENAS' land plot (where the Facility is being constructed); and first priority pledge in SENAS' plant and machinery; and finally with first priority pledge over SENAS' motor vehicles and construction machinery.

7.2 Net Financial Indebtedness

The following table sets forth information about the Group's net financial indebtedness, where the Company's net financial indebtedness as of 31 March 2021 (see the "Actual" column - figures derived from the Interim Financial Statements) has been adjusted with the drawdown of NOK 50 million to refinance the NOK 40 Million Mortgage Loan in the "Adjustments" column in order to reflect the Group's net financial indebtedness as of the date of this Prospectus, presented in the final column "As Adjusted".

NOK	As of 31 March 2021 (unaudited)		
	Actual	Adjustment ⁽¹⁾	As Adjusted
A. Cash	1,015,098	10,000	1,025,098
B. Cash equivalents			
C. Other current financial assets			
D. Liquidity (A)+(B)+(C)	1,015,098	10,000	1,025,098
E. Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)	40,000	-40,000	0
F. Current portion of non-current financial debt	1,421		1,421
G. Current financial indebtedness (E)+(F)	41,421	-40,000	1,421
H. Net current financial indebtedness (G)-(D)	-973,677	-50,000	-1,023,677
I. Non-current financial debt (excluding current portion and debt instruments)	1,226	50,000 ⁽¹⁾	51,226
J. Debt instruments			
K. Non-current trade and other payables			
L. Non-current financial debt (I)+(J)+(K)	1,226	50,000	51,226
M. Total financial indebtedness (H)+(L)	- 972,451	0	-972,451

⁽¹⁾ Adjustment reflecting the NOK 50 million drawdown under the Construction Facility, the drawdown was used to refinance the existing NOK 40 million Mortgage Loan.

7.3 Indirect and Contingent Indebtedness

Except as set out in section 9.17, there is no indirect or contingent indebtedness of the Company.

8. SELECTED FINANCIAL INFORMATION AND OTHER INFORMATION

The following selected financial information has been extracted from the Group's consolidated audited financial statements as of and for the year ended 31 December 2020 (the "2020 Financial Statements"), from the subsidiary SENAS' audited financial statements for 2019 (the "2019 Financial Statements"), and from the interim condensed financial statements for the 3 months ended 31 March 2021 (the "Interim Financial Statements"). The 2020 Financial Statements, the 2019 Financial Statements and the Interim Financial Statements have been prepared in accordance with IFRS as approved by EU and are attached to this Prospectus in Appendix A. The audited financial statements for SENAS for the financial year ended 31 December 2018 prepared in accordance with Norwegian generally accepted accounting principles (NGAAP) ("2018 Financial Statements") are also attached to this Prospectus in Appendix A. The 2020 Financial Statements, the 2019 Financial Statements and the 2018 Financial Statements have been audited by BDO AS. The Interim Financial Statements have been subject to a limited review by BDO.

This Section should be read together with Section 9 "Operating and Financial Review".

8.1 Selected Income Statement Information

The table below sets out a summary of the Group's audited consolidated income statement information for the years ended 31 December 2020, 2019, and 2018 and the Group's unaudited income statement information for the three months ended 31 March 2021 and 2020.

In NOK thousands	For the Three Months Ended 31 March (unaudited)		For the Year Ended 31 December (audited)		
	2021	2020	2020	2019*	2018*
Other Income	0	30	704	-175	1 150
Total operating income	0	30	704	-175	1 150
Personnel expense	-2,725	-1,108	-8,877	-3,754	-1,182
Depreciation, amortization and impairment loss	-363	-67	-550	-181	0
Other operating expenses	-3,546	-1 754	-8,954	-7,752	-1,933
Operating profit (EBIT)	-6,634	-2,899	-17,676	-11,862	-1,965
Financial income	1,233	0	1,114	622	0
Financial expenses	-179	-8	-263	-30	-9
Net Finance	1,053	-8	850	593	-9
Profit/(loss) before tax	-5,581	-2,907	-16,826	-11,269	-1,974

*) Figures derived from Salmon Evolution Norway AS⁵ 2019 Financial Statements.

The table below sets out the earnings per share ("EPS") for the three months ended 31 March 2021 and 2020, and for the year ended 31 December 2020.

	31 March 2021	31 March 2020	31.12.2020
Basic earnings per share (NOK)	-0,02	-0,10	-0,13
Diluted earnings per share (NOK)	-0,02	0,10	-0,13

⁵ Previously named Salmon Evolution AS

8.2 Selected Balance Sheet Information

The table below sets out a summary of the Group's audited consolidated balance sheet information as of 31 March 2021 and the Group's unaudited balance sheet information as of 31 December 2020, 2019 and 2018.

<i>In NOK thousands</i>	As of 31 March (unaudited)		As of 31 December (audited)		
	2021	2020	2020	2019*	2018*
Assets					
Intangible assets	796	0	432	0	975
Assets under construction	333,964	35,744	219,926	25,546	0
Property, plant & equipment	474	352	331	352	0
Right-of-use assets	2,603	588	1,678	712	0
Total - non-current assets	337,837	36,683	222,367	26,610	975
Other current receivables	24,079	1,304	22,638	2,749	700
Cash and cash equivalents	1 015,098	6,729	647,806	21,124	370
Total current assets	1 039,177	8,033	670,444	23,873	1,070
Total assets	1 377,015	44,716	892,810	50,483	2,046

*) Figures derived from Salmon Evolution Norway AS' 2019 Financial Statements.

<i>In NOK thousands</i>	As of 31 March (unaudited)		As of 31 December (audited)		
	2021	2020	2020	2019*	2018*
Equity and liabilities					
Share capital	15,153	1,500	10,987	1,500	1,000
Share premium	1,279,393	49,500	804,369	49,500	0
Other reserves	2,974	780	2,974	780	0
Other equity	520	0	520	0	0
Uncovered losses	-35 944	-16,488	-30,407	-13,581	-2,312
Total equity	1,262,097	35,291	788,442	38,198	-1,312
Long-term interest-bearing debt	0	1,500	0	1,500	1,500
Lease liabilities - long term	1,226	126	933	227	0
Total non-current liabilities	1 226	1,626	933	1,727	1,500
Short-term interest-bearing debt	40,000	0	40,000	0	0
Trade payables	63,820	5,813	60,104	8,401	167
Social security and other taxes	1,130	619	1,144	799	69
Lease liabilities - short term	1,421	399	696	394	0
Other current liabilities	7,321	967	1,491	963	1,622
Total current liabilities	113,692	7,800	103,435	10,557	1,858
Total liabilities	114,918	9,425	104,368	12,285	3,358
Total equity and liabilities	1,377,015	44,716	892,810	50,483	2,046

*) Figures derived from Salmon Evolution Norway AS' 2019 Financial Statements.

8.3 Selected Changes in Equity Information

The table below sets out a summary of the Group's audited changes in equity information for the years ended 31 December 2020, 2019 and 2018 and the Group's unaudited changes in equity information for the three months ended 31 March 2021.

In NOK thousand

	Share capital	Share premium	Other reserves	Other equity	Uncovered losses	Total
Assets						
Balance at 1 January 2018*	1,000	0	0	0	-339	661
Profit/(loss) for the period	0	0	0	0	-1,974	-1,974
Other comprehensive income	0	0	0	0	0	0
Total comprehensive income for the period	0	0	0	0	-1,974	-1,974
Capital increase	0	0	0	0	0	0
Share options issued/exercised	0	0	0	0	0	0
Transactions with owners	0	0	0	0	0	0
Balance at 31 December 2018*	1,000	0	0	0	-2,312	-1,312
Balance at 1 January 2019*	1,000	0	0	0	-2,312	-1,312
Profit/(loss) for the period	0	0	0	0	-11,269	-11,269
Other comprehensive income	0	0	0	0	0	0
Total comprehensive income for the period	0	0	0	0	-11,269	-11,269
Capital increase	500	49,500	0	0	0	50,000
Share options issued/exercised	0	0	780	0	0	780
Transactions with owners	500	49,500	780	0	0	50,780
Balance at 31 December 2019*	1,500	49,500	780	0	-13,581	38,198
Balance at 1 January 2020	1,500	49,500	780	0	-13,581	38,198
Profit/(loss) for the period	0	0	0	0	-16,826	-16,826
Other comprehensive income	0	0	0	0	0	0
Total comprehensive income for the period	0	0	0	0	-16,826	-16,826
Capital increase	9,457	752,901	0	0	0	762,357
Share options issued/exercised	30	1,968	2,194	520	0	4,712
Transactions with owners	9,487	754,869	2,194	520	0	767,069
Balance at 31 December 2020	10,987	804,369	2,974	520	-30,407	788,442
Balance at 1 January 2021	10,987	804,369	2,974	520	-30,407	788,442
Profit/(loss) for the period	0	0	0	0	-5,581	-5,581
Other comprehensive income	0	0	0	0	0	0
Total comprehensive income for the period	0	0	0	0	-5,581	-5,581
Capital increase	4,167	475,069	0	0	0	479,236
Share options issued	0	0	0	0	0	0
Transactions with owners	4,167	475,069	0	0	0	479,236
Balance at 31 March 2021	15,153	1,279,437	2,974	520	-35,988	1,262,097

*) Figures derived from Salmon Evolution Norway AS' 2019 Financial Statements.

8.4 Selected Cash Flow Information

The table below sets out a summary of the Group's audited cash flow information for the years ended 31 December 2020, 2019 and 2018 and the Group's unaudited cash flow information for the three months ended 31 March 2021 and 2020.

<i>In NOK thousand</i>	For the Three Months Ended 31 March (unaudited)		For the Year Ended 31 December (audited)		
	2021	2020	2020	2019*	2018*
Profit before income taxes	-5,581	-2,907	-16,826	-11,269	-1,974
Adjustments for:					
Depreciation	-363	15	550	181	0
Net interest	-1,200	1	-850	-593	9
Share based payment expenses	0	0	2,714	780	0
Gain on lease modification	0	0	-7	0	0
Changes in working capital					
Change in trade receivables	0	0	0	0	0
Change in other current receivables	122	164	-20	-2,049	-243
Change in trade payables	-1,102	-2,588	2,695	8,235	36
Change in social security and other taxes	-1,572	1,129	345	0	0
Change in other current liabilities	788	5	528	1,570	1,446
Cash generated from operations	-8,908	-4,182	-10,871	-3,146	-725
Interest paid	-33	-1	-263	-30	-9
Interest received	1,233	0	1 114	622	0
Income taxes paid	0	0	0	0	0
Net cash flow from operations	-7,709	-4,182	-10,021	-2,553	-734
Purchase of fixed assets and other capitalizations	-114,224	-10,213	-165,529	-25,021	-506
Payments for intangible assets	-364	0	-432	0	0
Change in trade payables (investments)	4,818	0	0	0	0
Change in other current liabilities	5,163	0	0	0	0
Net cash flow from investment	-104,608	-10,213	-165,961	-25,021	-506
Proceeds from issue of equity	479,192	0	764,355	50,000	0
Proceeds from borrowings	0	0	40,000	0	1,500
Repayment of loans	0	0	-1,500	-1,500	0
Repayments of lease liabilities	417	0	-191	-172	0
Net cash flow from financing	479,609	0	802,664	48,328	1,500
Net change in cash and cash eq.	367,292	-14,395	626,682	20,753	259
Cash and cash eq. at the beginning of the period	647,806	21,124	21,124	370	111
Cash and cash eq. at the end of the period	1,015,098	6,729	647,806	21,124	370

*) Figures derived from Salmon Evolution Norway AS' 2019 Financial Statements.

8.5 Other Selected Financial and Operating Information - Alternative Performance Measures

The table below sets out an overview and reconciliation of APMs for the Company on a consolidated basis.

NOK thousand

	As for the Three Months Ended 31 March 2021	As for the Three Months Ended 31 March 2020	As for the Year Ended 31 December 2020	As for the Year Ended 31 December 2019*
EBIT ⁽¹⁾ - equivalent to operating profit:	<u>-6,634</u>	<u>-2,899</u>	<u>-17,676</u>	<u>-11,862</u>
Add back of depreciation:	<u>363</u>	<u>67</u>	<u>550</u>	<u>181</u>
EBITDA ⁽²⁾	<u>-6,271</u>	<u>-2,832</u>	<u>-17,126</u>	<u>-11,681</u>
CAPEX ⁽³⁾	<u>-114,589</u>	<u>- 10,213</u>	<u>-195,100</u>	<u>25,021</u>

*) *Figures derived from Salmon Evolution Norway AS' 2019 Financial Statements.*

- (1) EBIT is defined as earnings before interest and taxes. It is a measure of a firm's profit that includes all incomes and expenses, except for interest expenses and income tax expenses. EBIT is a common measure in the industry in which the Company operates, however it may be calculated differently by other companies and may not be comparable.
- (2) EBITDA is defined as earnings before interest, taxes, depreciation and amortisation. EBITDA is a common measure in the industry in which the Company operates, however it may be calculated differently by other companies and may not be comparable. The Company believes that EBITDA is a measure relevant to investors who wants to understand the generation of earnings from the Company's business and who would compare the Company's EBITDA with peers, as EBITDA is unaffected of financial leverage. EBITDA will also provide insight for investors into the Company's dividend and debt servicing capacity. (For first quarters 2020 and 2021 as well as for the two years 2020 and 2019 no impairment or amortization were carried out, only depreciation).
- (3) CAPEX is defined as capital expenses, i.e. the cash used (or planned to be used) by the Company for investing activities.

9. OPERATING AND FINANCIAL REVIEW

This operating and financial review should be read together with Section 8 "Selected Financial Information and other information" and the financial statements which are incorporated by reference to this Prospectus, see Section 16 "Documents on Display". The following discussion contains Forward-looking statements that reflect the Company's plans and estimates. Factors that could cause or contribute to differences to these Forward-looking Statements include those discussed in Section 2 "Risk Factors", see also Section 4.3 "Cautionary Note Regarding Forward-Looking Statements".

Figures discussed below (in sections 9.5 Results of Operations, 9.7 Cash flows, 9.8 Balance sheet data, 9.12 Investing Activities) and which are derived from the 2020 Financial Statements, the 2019 Financial Statements, and from the Interim Financial Statements are prepared in accordance with IFRS.

9.1 Introduction

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 reducing operational and biological risk relative to a full recycle land-based salmon farming facility. See section 5.1 for further details of the technology.

The Company's first production facility is under construction at Indre Harøy, strategically located on the Norwegian west coast with access to unlimited 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 metric tons HOG.

Since the groundwork started in May 2020, the First Phase project at Indre Harøy has developed according to plan. The main contractor, Artec Aqua, has entered into agreements with subcontractors who are currently working on site. 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 and will continue in the coming quarters. Tunnel for wastewater was successfully finished in December 2020. Construction work through the first quarter of 2021 has mainly focused on the production facilities, where the company has started the assembly of fish-tanks. Currently some 100 workers are working on site. As workload increase the number of workers on site will increase going forward and is expected to peak at around 200 people during summer 2021. Along with the higher activity work complexity also increase. To reduce risk for accidents, Salmon Evolution aims for a close dialogue with contractors and workers to secure controlled and safe project progression.

As per 31 March 2021, accumulated CAPEX from project initiation in 2019 amounts to NOK 334 million. In May 2020, Salmon Evolution acquired necessary land for the development and construction of the facility at Indre Harøy. CAPEX related to land investments accounts for approximately 15% of the total accumulated CAPEX.

In February 2021 the Company signed a joint venture term sheet with Dongwon Industries for a 49/51 owned joint venture to develop, construct and operate a land-based salmon farming facility in South Korea using Salmon Evolution's HFS technology. The project is aiming to achieve an annual capacity of 16,800 metric tons HOG. The term sheet was formalized into definitive agreements in late March 2021 (JV Agreement) and the first tranche of Salmon Evolution's equity investment was paid in May 2021.

In March 2021 the Company successfully completed a NOK 500 million private placement through an allocation of 83,333,333 shares, each at a subscription price of NOK 6.00 per share. Following the completion of the Private Placement the Company held an extraordinary general meeting where the shareholders approved a conversion of the Company from a private limited liability company (AS) to a public limited liability company (ASA).

Through a share exchange on 4 August 2020 the Company became the holding company of the Group (see further details under section 5.3 The Reorganization). In the Reorganization the Company acquired all shares in Salmon Evolution Norway AS⁶, which is the Company's fully owned subsidiary, and which currently is undertaking the First Phase construction project.

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). The Group's presentational and functional currency is NOK, as most of the Group's expenses and revenues are in NOK.

9.2 Principal Factors Affecting the Company's Financial Condition and Results of Operations

The business, financial condition, results of operations and cash flows, as well as the period-to-period comparability of the financial results of the Company, are affected by a number of factors, see Section 2 "Risk Factors". Some of the factors that

⁶ Previously named Salmon Evolution AS.

have influenced the Company's financial condition and results of operations during the periods under review and which are expected to continue to influence the Company's business, financial condition, results of operations and cash flows, as well as the period-to-period comparability of the Company's financial results, are:

- Progress of the First Phase construction project, as any delays and/or cost overruns may impact the Group's future operations, cash flows and strategy. As such the Company monitors the project development closely, including project budgets, CAPEX and use of cash raised in recent private placements. As of the date of this Prospectus the First Phase project is progressing according to plan, i.e. this project is on time and on budget.
- Progress of the JV with Dongwon Industries, which (as for the First Phase project set out above) will require funding from the Group and close monitoring of construction by the Company.
- 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 31 December 2020, 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%.
- 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 31 December 2020 the Group did not hold any cash balances, pay any expense, nor receive any revenue in currencies other than its presentation and functional currency. The Group's presentation currency is Norwegian Kroner ("NOK").
- 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.
- Management monitors rolling forecasts of the Group's liquidity reserve (comprising cash and cash equivalents) based on expected cash outflows for CAPEX for the First Phase and JV projects. 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.
- Salmon Evolution is managing the COVID-19 situation with its highest priority to safeguard its employees, suppliers and partners. The company has taken necessary measures in all sites and locations to be able to limit the spread of the virus and has not registered any infection among the company's employees or contracted workers. At the same time, the company works to ensure that the construction work progress on time and budget.

9.3 Reporting Segments

The Company currently has no revenues, and as such no operating segments. The chief operating decision maker (the CEO, the CFO and the project leader together), however, regularly reviews and make decisions regarding the allocation of resources to the Group's two main business activities:

(a) The Facility

The Facility is described in detail in section 5.2, see The Facility at Indre Harøy, Norway

(b) The K Smart joint venture

The K Smart joint venture is described in section 5.2, see Global expansion plan and the joint venture with Dongwon Industries.

9.4 Recent Developments

Other than listed below, there has been no significant change in the Group's financial and trading position since 31 March 2021:

- In June 2021 The Company entered into a loan agreement with Nordea Bank Abp, filial i Norge, Sparebanken Vest and Innovation Norway as co-lender (together the "Lenders") for a senior secured debt financing package of up to NOK 625 million relating to its First Phase build out at Indre Harøy (the "NOK 625 Million Loan Facility Agreements"). Please see section 5.6 and 9.6 for more information on the NOK 625 Million Loan Facility Agreements.

9.5 Results of Operations

The table below sets out the financial figures for the Group (the table is also to find in 8.1 Selected Income Statement), the figures are extracted from the 2020 Financial Statements, as well as from the 2019 Financial Statements, and from the Interim Financial Statements.

<i>In NOK thousands</i>	For the Three Months Ended 31 March (unaudited)		For the Year Ended 31 December (audited)		
	2021	2020*	2020	2019*	2018*
Other Income	0	30	704	-175	1 150
Total operating income	0	30	704	-175	1 150
Personnel expense	-2,725	-1,108	-8,877	-3,754	-1,182
Depreciation, amortization and impairment loss	-363	-67	-550	-181	0
Other operating expenses	-3,546	-1,754	-8,954	-7,752	-1,933
Operating profit (EBIT)	-6,634	-2,899	-17,676	-11,862	-1,965
Financial income	1,233	0	1,114	622	0
Financial expenses	-179	-8	-263	-30	-9
Net Finance	1,053	-8	850	593	-9
Profit/(loss) before tax	-5,581	-2,907	-16,826	-11,269	-1,974

*) Figures derived from the Company's predecessor and current subsidiary Salmon Evolution Norway AS

Operating Results for the Three Months Ended 31 March 2021 Compared with Three Months Ended 31 March 2020

Operating Revenues

Operating revenues for the three months ended 31 March 2021 were NOK 0 thousand compared to NOK 30 thousand for the three months ended 31 March 2020.

Operating Expenses

Operating expenses for the three months ended 31 March 2021 were NOK 6,634 thousand compared to NOK 2,929 thousand for the three months ended 31 March 2020, an increase which was primarily due to higher activity level in the Company and a corresponding increase in personnel expenses and higher consultancy services as the First Phase project develops.

Operating Profit/Loss

Operating loss for the three months ended 31 March 2021 was NOK 6,634 thousand compared to a loss of NOK 2,899 thousand for the three months ended 31 March 2020, an increase which was primarily due to higher activity level in the Group and the continued progress for the construction project at Indre Harøy.

Operating Results for the Year Ended 31 December 2020 Compared with the Year Ended 31 December 2019

Operating Revenues

Operating revenues for the year ended 31 December 2020 were NOK 704 thousand compared to NOK -175 thousand for the year ended 31 December 2019.

Operating Expenses

Operating expenses for the year ended 31 December 2020 were NOK 18,380 thousand compared to NOK 11,687 thousand for the year ended 31 December 2019, an increase which was primarily due to higher activity level in the company where the average number of employees increased with 33% and the continued progress at Indre Harøy increased in form of activity and complexity.

Operating Profit/Loss

Operating loss for the year ended 31 December 2020 was NOK -17,676 thousand compared to a loss of NOK 11,862 thousand for the year ended 31 December 2019, an increase which was primarily due to higher activity level for the Group and the continued progress at Indre Harøy.

Operating Results for the Year Ended 31 December 2019 Compared with the Year Ended 31 December 2018

Operating Revenues

Operating revenues for the year ended 31 December 2019 were NOK -175 thousand compared to NOK 1,150 for the year ended 31 December 2018, a reduction which was primarily due to received RDA-funds (compensation scheme for employer's national insurance contributions).

Operating Expenses

Operating expenses for the year ended 31 December 2019 were NOK 11,687 thousand compared to NOK 3,115 thousand for the year ended 31 December 2018, an increase which was primarily due to a significantly increased number of employees and higher activity at Indre Harøy.

Operating Profit/Loss

Operating loss for the year ended 31 December 2019 was NOK 11,862 thousand compared to a loss of NOK 1,965 thousand for the year ended 31 December 2018, an increase which was primarily due to higher activity level in the Company and the continued progress at Indre Harøy.

9.6 Liquidity and Capital Resources

Overview; Sources and Uses of Funds

The Group's liquidity requirements are primarily driven by capital expenditures and operating expenses and the Company has thus far primarily financed its liquidity requirements through equity raised in various private placements as further described in section 5.4 "History and Development", debt financing as further described below and grants from ENOVA and Skattefunn. In the period between year-end 2020 and 31 March the equity ratio increased from 88% to 92%, due to a private placement of NOK 500 million in Q 1 2021. The Group holds its cash in NOK and EUR, and has as of 31 March 2021 about 1,015 million NOK available. As of the date of this Prospectus, the Group does not use financial instruments for hedging purposes.

Throughout 2020 the Group secured both equity and debt financing. In March 2020, Salmon Evolution issued 77,503,182 new shares in a private placement, increasing equity by NOK 258 million. In July, the Company entered into an agreement with South Korean Dongwon Industries, where Dongwon invested NOK 50 million for a minority stake in the Company, and in September Salmon Evolution completed a private placement raising NOK 500 million in connection with the listing of the Company on Euronext Growth. During the third quarter in 2020 the Company also secured debt financing of NOK 40 million for the land acquisition on Indre Harøy. The loan was fully drawn in fourth quarter.

Going in to 2021 the Company further secured more equity and debt. 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. On 16 April 2021 the Company announced that it had entered a committed term sheet with Nordea Bank Abp, filial i Norge ("Nordea") and Sparebanken Vest for a senior secured debt financing package of up to NOK 625 million relating to its First Phase build out at Indre Harøy (NOK 625 Million Loan Facility Agreements). Further, on 25 June 2021 the Company announced that it had entered into definitive agreements for the NOK 625 Million Loan Facility Agreements of which NOK 50 million has been drawn as at the date of this Prospectus.

As per 31 March 2021, accumulated CAPEX from project initiation of the First Phase in 2019 amounted to NOK 334 million. In May 2020, Salmon Evolution acquired necessary land for the development and construction of the facility at Indre Harøy. CAPEX related to land investments accounts for approximately 15% of the total accumulated capex (see 9.1 Introduction for further elaboration).

Below is an overview of the Group's recent borrowings.

The NOK 40 Million Mortgage Loan

On 1 September 2020, the Group, through its operating company and wholly-owned subsidiary, SENAS, entered into certain senior secured term loan facilities with DNB Bank ASA, Sparebank 1 SMN and Sparebanken Møre in the aggregate amount of NOK 40 million, for the purpose of financing the acquisition of the land where the Company's Facility shall be constructed (jointly the "NOK 40 Million Mortgage Loan").

The NOK 40 Million Mortgage Loan had initially a 12 month tenor, and is secured by a pledge in the land plot where the Facility is being constructed. It includes financial covenants such as a minimum equity ratio covenant of 50% and a minimum free liquidity covenant which requires NOK 10 million free liquidity at all times. Should the liquidity of the Company fall below NOK 40 million, the Company will be required to raise new equity. The NOK 40 Million Mortgage Loan was repaid on 5 July 2021 shortly after the Company entered into the NOK 625 Million Loan Facility Agreements.

The NOK 625 Million Loan Facility Agreements

On 25 June 2021, the Company, together with its subsidiary SENAS, entered into a senior secured NOK 625 million debt financing relating to its First Phase build out at Indre Harøy (the “NOK 625 Million Loan Facility Agreements”) with Nordea, Sparebanken Vest and Innovation Norway (together the “Lenders”). The NOK 625 Million Loan Facility Agreements consist of the following credit facilities:

- (a) a NOK 525 million senior secured credit facility with SENAS as borrower and the Company as a guarantor, Nordea as agent and Sparebanken Vest as co-lender for the purpose of financing the construction CAPEX for Indre Harøy First Phase (the “Construction facility”);
- (b) two long term facilities in the aggregate amount of NOK 525 which shall be used to refinance the Construction Facility (see above) upon completion of Indre Harøy First Phase, and which consist of the following:
 - (i) a NOK 385 million senior secured term loan facility with SENAS as borrower and the Company as a guarantor, Nordea as agent and Sparebanken Vest as co-lender (the “Term Loan Facility”); and
 - (ii) a NOK 140 million senior secured long term facility with SENAS as borrower, the Company as a guarantor, and Innovation Norway as Lender (the “IN Loan”), entered into as a separate agreement with Innovation Norway.
- (c) a NOK 100 million senior secured overdraft facility with Nordea which will be used for working capital purposes, hereunder financing of biomass and receivables (the “Overdraft Facility”), entered into as a separate agreement with Nordea.

The Group has currently drawn NOK 50 million on the Construction Loan, of which NOK 40 million was used to fully repay the NOK 40 Million Mortgage Loan).

The Term Loan Facility will be repaid over a 15 year profile and have a 3 year term from completion of Indre Harøy First Phase with 2x1 year options to request extension, resulting in a maximum term of up to 5 years from completion of Indre Harøy First Phase. Each Lender may, in its sole discretion, decide whether to extend its commitment for such further period. Proceeds from these debt financing arrangements will be used for funding the Company’s operations and construction, as well as for general corporate purposes. The NOK 625 Million Loan Facility Agreements are subject to a change of control restriction whereby the Lenders may require full repayment upon a person or a group of persons acting in concert obtaining 50% or more of the shares and voting rights in the Company, and customary financial covenants such as minimum equity ratio, EBITDA and cash levels. The NOK 625 Million Loan Facility Agreements are secured, inter alia, through a share pledge over the shares in SENAS, pledges over the land plot where the Facility is being constructed, intra-group loans, SENAS’ operating licences and certain other pledges and assignments of SENAS’ material assets.

In addition the Company has provided a parent guarantee (Nw: *Selvskyldnerkausjon*) to the Lenders for SENAS financial performance under the loan contract. 50 % of the amount under the Construction Facility or the Term Loan Facility have also been guaranteed by Export Finance Norway⁷ (“Eksfin”).

Maturity Overview

The table below shows the contractual maturities of financial liabilities of the Group, including estimated interest payments, specified per category of interest-bearing liabilities as of 7 July 2021.

NOK Loan	Original Loan Amount	Outstanding Principal	Payments Due by Period			
			2021	2022	2023	2024
NOK 625 Million Loan Facility Agreements (Construction Facility)	625,000,000	50,000,000 ⁽¹⁾	0	50,000,000 ⁽²⁾	0	0
Total	625,000,000	50,000,000⁽¹⁾	0	50,000,000⁽²⁾	0	0

⁷ Previously named the Norwegian Export Credit Guarantee Agency.

⁽¹⁾ NOK 50 million drawn down under the Construction Facility to repay the NOK 40 million Mortgage Loan, with the excess amount of NOK 10 million cash maintained by the Company for working capital purposes.

⁽²⁾ Aside from the NOK 50 million drawn under the Construction Facility (see note 1), the Group intends to draw additional funds under the Construction Facility from Q4 2021 or Q1 2022 until completion of First Phase in order to finance the CAPEX requirements for the construction of the Facility. Upon completion of the First Phase the Construction Facility will be refinanced with the Term Loan Facility, which is expected to take place in Q4 2022.

9.7 Cash Flows

Operating Cash Flows

Net cash flow from operating activities was NOK -7,709 thousand and NOK -4,182 thousand for the three months ended 31 March 2021 and 2020, respectively. The increase from year-end 2020 to 31 March was primarily due to an increased loss in the period.

Net cash flow from operating activities was NOK -10,021 thousand and NOK -2,553 thousand for the year ended 31 December 2020 and 2019, respectively. The increase was primarily due to increased loss.

Net cash flow from operating activities was NOK -2,553 thousand and NOK -734 thousand for the year ended 31 December 2019 and 2018, respectively.

Investing Cash Flows

Net cash flow from investing activities was NOK -104,608 thousand and NOK -10,213 thousand for the three months ended 31 March 2021 and 2020, respectively. The increase was primarily due to increasing activity at the facility at Indre Harøy. The Company further expects that the activity will continue to increase throughout Q3/Q4 2021 and gradually decrease towards completion in Q4 2022.

Net cash flow from investing activities was NOK -165,961 thousand and NOK -25,021 thousand for the year ended 31 December 2020 and 2019, respectively. The increase in negative cash flow was primarily due to higher activity level on the construction project at the Facility following construction start in May 2020.

Net cash flow from investing activities was NOK -25,021 thousand and NOK -506 thousand for the year ended 31 December 2019 and 2018, respectively that reflects the fact that the development of the facility at Indre Harøy had not started in 2018.

Financing Cash Flows

Net cash flow from financing activities was NOK 479,609 thousand and NOK 0 thousand for the three months ended 31 March 2021 and 2020, respectively. The increase in equity was primarily due to a successful share issue of NOK 500 million in March 2021.

Net cash flow from financing activities was NOK 802,664 thousand and NOK 48,328 thousand for the year ended 31 December 2020 and 2019, respectively. In terms of financial activities 2020 was an eventful year for Salmon Evolution. Following the raising of NOK 258 million in March 2020, the Company further raised NOK 50 million through a private placement directed towards Dongwon Industries in July 2020. This placement was followed by a NOK 500 million private placement in September 2020 ahead of the listing at Euronext Growth as well as a NOK 40 million Mortgage Loan draw down in Q4 2020.

Net cash flow from financing activities was NOK 48,328 thousand and NOK 1,500 thousand for the year ended 31 December 2019 and 2018, respectively. The increase was primarily due to a successful private placement of NOK 50 million in January 2019.

9.8 Balance Sheet Data

Total Assets

As of 31 March, 2021, the Group's total assets were NOK 1,377,015 thousand compared to NOK 44,716 thousand as of 31 March 2020, an increase which was primarily due to increasing investment activity at the facility at Indre Harøy together with a solid cash balance of NOK 1,015,098 thousand compared with NOK 6,729 thousand in 2021 and 2020, respectively.

As of 31 December 2020, the Group's total assets were NOK 892,810 thousand compared to NOK 50,483 thousand as of 31 December 2019. For the same reason as above, this increase reflects an increased investment activity at Indre Harøy together with a solid cash balance in 2020 compared with 2019.

As of 31 December 2019, the Group's total assets were NOK 50,483 thousand compared to NOK 2,046 thousand as of 31 December 2018.

Total Equity

As of 31 March, 2021, the Group's total equity was NOK 1,262,097 thousand compared to NOK 35,291 thousand as of 31 March 2020, an increase which was primarily due to four successful private placements in the period:

- A NOK 258 million raising in March 2020 (that was accounted for in Q2 2020).
- A NOK 50 million private placement directed towards Dongwon Industries in July 2020.
- A NOK 500 million private placement in September 2020.
- A NOK 500 million private placement in March 2021 (that was accounted for in Q1 2021).

As of 31 December 2020, the Group's total equity was NOK 788,442 thousand compared to NOK 38,198 thousand as of 31 December 2019, an increase which was primarily due to three successful private placements in the period:

- A NOK 258 million raising in March 2020 (that was accounted for in Q2 2020).
- A NOK 50 million private placement directed towards Dongwon Industries in July 2020.
- A NOK 500 million private placement in September 2020.

As of 31 December 2019, the Group's total equity was NOK 38,198 thousand compared to NOK -1,312 thousand as of 31 December 2018.

Total Liabilities

As of 31 March, 2021, the Group's total liabilities were NOK 114,918 thousand compared to NOK 9,425 thousand as of 31 March 2020, an increase which was primarily due to the fact that the Company secured and fully draw a NOK 40 million debt financing for the land acquisition on Indre Harøy, together with an increased trade payables that are directly related to the activity at Indre Harøy.

As of 31 December 2020, the Group's total liabilities were NOK 104,368 thousand compared to NOK 12,285 thousand as of 31 December 2019. For the same reason as above, this increase reflects that the Company secured and fully draw a NOK 40 million debt loan, and had increased trade payables (directly related to investment activity at Indre Harøy), in the period.

As of 31 December 2019, the Group's total liabilities were NOK 12,285 thousand compared to NOK 3,358 thousand as of 31 December 2018.

9.9 Restriction on Transfer of Funds

The Group does not have any restrictions on the use of capital resources that have materially affected, or could materially affect, directly or indirectly, the Group's operations. The Company's wholly owned subsidiary, SENAS, is however subject to certain restrictions in respect of distribution of dividend to the Company pursuant to the NOK 625 Million Loan Facility Agreements, which in turn may prohibit the Company from paying dividend during the term of the facility agreement or until other Group companies are able to generate positive operating cash.

9.10 Funding and Treasury Policies

The Company monitors rolling forecasts of the Group's liquidity reserve (comprising cash and cash equivalents) based on expected cash flows in order to maintain a stable and solid financial platform. To this date the Company are using two types of bond issues, 31 days' and 90 days', in several banks, when placing its excess liquidity. The Group also seek to minimize foreign exchange risk, if and when applicable, and may use financial instruments for hedging purposes in this respect.

9.11 Working Capital Statement

As of the date of this Prospectus, the Company is of the opinion that the Group has sufficient working capital to fund its planned scale of operations for at least the next 12 months from the date of the Prospectus.

9.12 Investing Activities

Principal Investments for the years ended 2018, 2019 and 2020

The Company's principal investments for the year ended 31 December 2018 amounted to NOK -0.5 million and were initial investments relating to the planned project at Indre Harøy.

The Company's principal investments for the year ended 31 December 2019 amounted to NOK -25 million and were mostly investments relating to initial design and engineering and capitalized personnel expenses.

The Company's principal investments for the year ended 31 December 2020 amounted to NOK -195 million (including an effect of approx. NOK 30 million in increased payables due to year-end invoice from Artec Aqua) and were investments relating to the acquisition of the land at Indre Harøy, design and engineering, initial ground and blasting work, concrete works including foundations for buildings and tanks and finalization of wastewater tunnel.

The Company's principal investments for the three months ended 31 March 2021 amounted to NOK 115 million and were investments relating to the First Phase construction at Indre Harøy, mainly focused around preparation for fish tank installation and continued progress at the water intake station.

The turnkey project agreement with Artec Aqua includes a clause for financing reservations until further financing is secured. This means that Artec Aqua as main contractor cannot enter agreements with subcontractors until the financial reservation for the specific contract is lifted. This enables the Group to maintain a sound control over its financial obligations and align financial commitments with the overall funding plan and situation.

Principal Investments in Progress and Planned Principal Investments

The Company has investments in progress in relation to the development of its first production Facility on Indre Harøy, Norway. The Company utilize a hybrid flow-through system with 65% reuse and 35% supply of filtered fresh seawater securing controlled and optimal growth conditions. The First Phase, which is the only one that is committed, will consist of 12 grow out tanks, each with a capacity of approximately 5,000 m³ of water, from which the Company plans to harvest 7,900 metric tons HOG of salmon per year. The First Phase is fully financed by way of equity raised through various private placements, debt raised through the NOK 625 Million Loan Facility Agreements and grants. See section 5.1 for further elaboration.

The Company has committed investments of and approximately NOK 200 million, which are investments in the development of a 16,800 metric tons HOG production facility in South Korea through the 49/51 joint venture with Dongwon Industries to be named K Smart, that will develop, construct and operate a land-based salmon farming facility of harvestable Atlantic salmon using Salmon Evolution's HFS technology. Salmon Evolution has executed its first tranche of committed investments in K Smart of NOK 27.4 million in May 2021. The second tranche of around NOK 37 million is expected to be paid by Salmon Evolution during 2022, while the remaining NOK -135 million is to be paid upon the arrangement of debt financing agreements for K Smart, tentatively late 2022 or first half of 2023. Salmon Evolution secured financing for its NOK 200 mill equity contribution through the NOK 500 million private placement carried out in mid-March 2021 together with the NOK 625 Million Loan Facility Agreements (see further details in section 9.6 about the NOK 625 Million Loan Facility Agreements). In the event that additional equity funding is required to be injected into K Smart going forward, the Company will need to contribute its pro rata portion (49%) of equity to maintain its pro rata ownership interest. See section 5.2 - "Global expansion plan and the joint venture with Dongwon Industries" for further elaboration on K Smart.

Apart from the above, the Company does not have any other investments in progress, firm commitments or obligations to make significant future investments as of the date of this Prospectus.

9.13 Property, Plant and Equipment

Introduction

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.

Please find table below for an overview of the property, plant and equipment and intangible assets per 31 March 2021.

(figures in NOK 1000)	Intangible assets	Assets under construction	Fixtures and fittings	Total
Cost 1 January 2021	432	219 926	739	221 097
Additions	364	114 038	186	114 589
Disposals	-	-	-	-
Cost 31 March 2021	796	333 964	925	335 686
Accumulated depreciation 1 January 2021	-	-	409	409
Depreciation for the period	-	-	42	42
Net book value 31 March 2021	796	333 964	474	335 235

The intangible assets are related to a trademark considered to have a perpetual life. The trademark is not amortized.

Assets under construction consisted mainly of capitalized cost related to the turnkey project with Artec Aqua for building First Phase at Indre Harøy, and is further described under section 9.12 above.

The Group is the owner of the land at Indre Harøy where the Facility is located. The total size of the land is about 138 square kilometers of which the Facility will occupy around 100 square kilometers fully developed. The site is located with immediate proximity to the ocean where two intake pipes will supply the Facility with fresh seawater. The location is deemed ideal for land-based salmon farming.

Environmental issues

The Group and its business are subject to environmental laws and regulations which may affect the Company's utilisation of the tangible fixed assets. Salmon farming is subject to a strict licensing regime (see section 9.14 "Regulatory overview") where inter alia environmental factors are decisive in the assessment by the authorities when considering license applications. Licenses may only be granted where this is justifiable from an environmental perspective (*Nw. "miljømessig forsvarlig"*). Although the environmental risk involved in land-based fish farming is considered more contained, it is still relevant to assess the risk of environmental impact of the facility and the operations on biodiversity, pollution of the external environment and ecological effects. There is inter alia a risk of emissions to the surrounding marine environment of waste and feces as well as greenhouse gas emissions to air. The permits require the Company to maintain sound operations from a technical, biological and environmental perspective and among other measures, the Company is required to prevent the escape of fish and by other means avoid or limit the damage on biodiversity.

The Company currently holds permits where the environmental factors have been assessed by the authorities and found acceptable. Should circumstances change and the environmental impact of the operations is later deemed unacceptable or the Company is in breach of any conditions of their permits, the relevant authorities may revoke or limit the licenses or invoke other means of remediation to reduce the environmental impact. Furthermore, there is a risk that the Company may not obtain future licenses due to the authorities' assessment of environmental factors at the time. In addition, the Company's operations involve risk of environmental liability. See section 2.1, risk factor "*The Group's business is inherently exposed to regulatory risk and regulatory amendment could potentially have an adverse effect on the Group's business and financial position*" and "*The Group's business is exposed to environmental risks which could have an adverse effect on the Group's business and financial position*" for further details on liabilities and possible sanctions in this respect.

9.14 Regulatory overview

The Group's land-based fish farming activities in hatcheries (smolt / young fish production) and on-growing sites are subject to extensive regulations, in particular relating to animal welfare, environmental protection (pollution from production facilities), food safety and hygiene. Furthermore, the Group's salmon farming activities are regulated by aquaculture licenses and other correlating licenses (e.g discharge permits) granted by the relevant authorities in the countries where the Group operates.

Aquaculture licenses are a key prerequisite in order to produce fish in fish farming facilities. The holder of an aquaculture license is entitled to produce a maximum allowed biomass ("**MAB**") or a certain amount of fish per year of specific species within a limited geographic area (location), and in some cases for a limited period of time.

The holder of an aquaculture license must continuously observe the relevant permits, laws and regulations that apply to the activities encompassed by the aquaculture license. These permits, laws and regulations might prescribe additional rights and obligations associated with the current aquaculture license and must be considered in conjunction with any conditions set out in the aquaculture license.

Discharge of waste water from production facilities into the environment is prohibited in the jurisdictions where the Group operates, unless such discharge is permitted through a discharge permit granted by the relevant pollution authority. The

decision to grant a discharge permit is based on the documented environmental status of the receiving water body of the site where the production facility is located. The discharge permit will indicate the permitted level of discharge of wastewater into a water body.

As of the date of this Prospectus, the Group (in its opinion) holds and complies with all permits and licenses required for its current operations at Indre Harøy, including an aquaculture license for (i) on-growing salmon production of 13,300 MAB and (ii) the annual production of 7.5 million smolt (in hatcheries).

In South Korea there are currently no permits in place for the planned 16,800 tons annual production, but the Group is currently in process of applying for the relevant permits. The expectation is that the relevant permits will be granted within a year.

The aquaculture license regimes vary across jurisdictions, and the below provide a brief summary of the regulatory framework applicable in the jurisdictions in which the Group operates:

Aquaculture regulations in Norway

Pursuant to the Aquaculture Act of 17 June 2005 no. 79, aquaculture (including land-based aquaculture) cannot be carried out without an aquaculture license. The power to grant aquaculture licenses has been granted to the Ministry of Trade, Industry and Fisheries, who in turn has delegated its power to the County Municipalities. Pursuant to the Aquaculture Act with further regulations (*Nw. "forskrifter"*), an aquaculture license for land-based salmon farming may be granted by application if:

- (a) It is environmentally justifiable (*Nw. "miljømessig forsvarlig"*);
- (b) the requirements concerning zoning plans and conservation measures have been met;
- (c) the applicable regional and local land use interests have been weighed; and
- (d) any licenses required pursuant to the following acts have been granted by the relevant sector authorities:
 - (i) Act of 19 December 2003 no. 124 relating to food production, food safety, etc. (granted by the Norwegian Food Safety Authority).
 - (ii) Act of 19 June 2009 no. 97 relating to animal welfare (granted by the Norwegian Food Safety Authority).
 - (iii) Act of 13 March 1981 no. 6 concerning protection against pollution and concerning waste (granted by the County Governor).
 - (iv) Act of 8 June 1984 no. 51 relating to harbours and fairways (granted by the Norwegian National Coastal Administration).
 - (v) Act of 24 November 2000 no. 82 relating to river systems and groundwater (granted by the Norwegian Water Resources and Energy Directorate).

Both private and legal persons may apply for land-based aquaculture licenses. Under the current regulations for land-based aquaculture in Norway, there are no specific licensing rounds and there is in principle no limitation to the number of licenses available (except for that a party needs to have access to suitable land area). Consequently, a person may apply for land-based aquaculture licenses throughout the whole year - as opposed to the situation for traditional aquaculture in the sea, where new licenses are either offered to existing fish farmers or to all interested parties through an auction process every second year (pursuant to the so-called "traffic light system").

When applying for an aquaculture license, the relevant County Municipality ensures that statements and decisions in connection to the license application are obtained from the local municipality (the planning and construction authority), as well as other sector authorities, such as the County Governor, Directorate of Fisheries, Norwegian Food Safety Authority and Norwegian National Coastal Administration. Licenses for land-based aquaculture that entail an encroachment on watercourses or groundwater, must also be evaluated and allocated a license by the Norwegian Water Resources and Energy Directorate.

The owner of an aquaculture license must be registered in the Norwegian Aquaculture Registry as an owner of the license prior to being able to utilise it for aquaculture activities. The Norwegian Aquaculture Registry is a public asset register (*Nw. "realregister"*).

Aquaculture licenses for land-based aquaculture are currently - contrary to aquaculture licenses for sea-based aquaculture - awarded without having to pay consideration to authorities (except for a minor administrative fee to be paid in relation to the handling of the application). Aquaculture licenses are freely transferrable and can be pledged (and thus act as security), but cannot be leased (except for in special circumstances if the Ministry of Trade, Industry and Fisheries so decides in its discretion). The applicable aquaculture regulations are subject to changes from time to time and it is e.g. not given that land-based aquaculture licenses will be awarded without having to pay consideration in the future.

The aquaculture licenses are not time limited, but may be altered or revoked in certain events, including if it is necessary for the purpose of preserving the environment. The applicable aquaculture laws and regulations in Norway (also applicable in relation towards land-based fish farming) require all fish farmers to clean up and remove any waste, aquaculture installations and equipment and similar at a location and adjacent area (if relevant) in the event of cessation of aquaculture operations at a particular location. The extent and content of the mentioned duty to clean up will vary depending on the type of aquaculture being carried out. The Company has not recognised any liabilities for the future decommission of the Facility, as the intention is for the Company to operate the Facility for an unspecified but very long timeframe, furthermore any decommission costs will likely be immaterial compared to the full cost of the Facility.

The Group's business and operations are subject to the laws and regulations of the individual countries in which it operates. The relevant laws and regulations strictly regulate various aspects of the Group's operations, amongst other, the hatcheries, on-growing sites, and are regulated by environmental laws and laws regarding treatment of, and protection from, fish diseases and pollution. Sanctions for non-compliance with applicable laws and regulations may include administrative, civil or criminal penalties, issuance of corrective action orders, and temporary or permanent revocation of licenses and permits that could lead to cessation of the Group's operations in a particular location.

9.15 Research and development

The Company has entered into a partnering construction contract with Artec Aqua for the design and construction of the Facility (the "Construction Contract" - see detailed description of this contract above in section 5.5), using the HFS-technology that provides for a sustainable production process with controlled and optimal growth conditions and reduced operational and biological risk. The HFS-technology has existed for a number of years, but while such smaller, comparable land-based production facilities have been built in the past, no similar facilities have been built on the scale the Group currently is constructing. As such the construction of the Facility that the Company is undertaking is a unique, large scale development of the HFS-technology, and the capitalised cost of the First Phase (and in due time the Second and Third Phase) represents the world's first large scale⁸ use of the HFS-technology.

Although the Group has developed significant knowhow and competence during construction process of the Facility, it does not, however, hold any patents for the HFS-technology, a technology which is available also for other external parties. Furthermore, the Company is not currently involved in any material research activities that would generate any innovations and/or designs that could be the source for any patents in relation to the HFS-technology.

9.16 Significant Recent Trends

As of the date of this Prospectus the construction project of the Facility at Indre Harøy is proceeding according to plan and the Company is not aware of any issues that will have a material negative effect on the Company's prospects. Although the Covid-19 situation has created challenges, the Group have been able to maintain normal operations. As to the salmon market, following a drop in the salmon price during 2020 amid the Covid-19 outbreak, salmon prices have over the last months been strong, indicating strong underlying demand.

9.17 Off-Balance Sheet Arrangements

As described under section 9.12, the turnkey project agreement with Artec Aqua includes a clause for financing reservations until further financing is secured. This means that Artec Aqua as main contractor cannot enter agreements with subcontractors until the financial reservation for the specific contract is lifted. This enables the Group to maintain a sound control over its financial obligations and align financial commitments with the overall funding plan and situation.

As of 31 March 2021, the Group had made total financial capex commitments relating to its contract with Artec Aqua of NOK 410.7 million. These commitments are mostly related to ground enterprise contract, engineering and technical equipment. Taken in to account the paid capex to Artec Aqua per 31 March 2021 were NOK 257 million, the total financial capex commitments to Artec Aqua that has not yet fallen due was approx. NOK 154 million.

⁸ The Company is not aware of any other projects world-wide of the same scale using the HFS technology.

Pursuant to the JV Agreement with Dongwon Industries, the Company has committed to invest approximately NOK 200 million in K Smart payable in three milestone driven tranches. Except for the first tranche of NOK 27.4 million, this has not been recognized in the Company's balance sheet.

10. THE BOARD OF DIRECTORS, EXECUTIVE MANAGEMENT AND EMPLOYEES

This Section provides summary information about the Board of Directors and the Executive Management of the Company and disclosures about their employment arrangements with the Company and other relations with the Company.

10.1 Overview

The Board of Directors is responsible for the overall management of the Company and may exercise all the powers of the Company. In accordance with Norwegian law, the Board of Directors is responsible for, among other things, supervising the general and day-to-day management of the Company's business; ensuring proper organisation, preparing plans and budgets for its activities; ensuring that the Company's activities, accounts and asset management are subject to adequate controls and to undertake investigations necessary to ensure compliance with its duties. The Board of Directors may delegate such matters as it seems fit to the executive management of the Company (the "Executive Management").

The Company's Executive Management is responsible for the day-to-day management of the Company's operations in accordance with instructions set out by the board of directors. Among other responsibilities, the Company's CEO is responsible for keeping the Company's accounts in accordance with existing Norwegian legislation and regulations and for managing the Company's assets in a responsible manner. In addition, at least once a month the Company's CEO must brief the Board of Directors about the Company's activities, financial position and operating results.

10.2 Board of Directors and Executive Management

Board of Directors

The Company's Articles of Association provide that the Board of Directors shall have between 5 and 9 members. In accordance with the Norwegian Public Limited Liability Companies Act, the CEO and at least half of the members of the Board of Directors must either be resident in Norway, or be citizens of and resident in an EU/EEA country.

The Company's Board of Directors currently consists of the following members:

<u>Name</u>	<u>Position</u>	<u>Served Since</u>	<u>Expiry of Term</u>
Tore A. Tønseth	Chairman	2020	2022
Kristofer Reiten	Director	2020	2022
Peder Stette	Director	2020	2022
Glen Bradley	Director	2020	2022
Anne Breiby	Director	2020	2022
Kiyun Yun	Director	2020	2022
Janne-Grethe Strand Aasnæs	Director	2021	2022
Ingvild Vartdal	Director	2021	2022

The Company's registered business address, Eikremsvingen 4, 6422 Molde, Norway, serves as c/o address for the members of the Board of Directors in relation to their directorship of the Company.

The composition of the Company's Board of Directors is compliant with the independence requirements of the Norwegian Corporate Governance Code of 17 October 2018 (the "Norwegian Code of Practice"). The Norwegian Code of Practice provides that a board member is generally considered to be independent when he or she does not have any personal, material business or other contacts that may influence the decisions it makes as a board member.

Set out below are brief biographies of the directors of the Company, along with disclosures about the companies and partnerships of which each director has been member of the administrative, management and supervisory bodies in the previous five years, not including directorships and executive management positions in the Company or any of its subsidiaries.

Tore A. Tønseth, Chairman

Investment vice president at Ronja Capital and has worked in the financial market for more than 15 years. Earlier appointments include share analyst in both Sparebank 1 Markets and Pareto Securities, with seafood, technology and industry as special fields. He was responsible for seafood analyses at SpareBank 1 Market from 2013 to 2019. At the same time, he was in frequent demand as a speaker in Norway on seafood, finance and sustainability. Tønseth also has a background from various technology start-ups, where he has been both product manager and system developer. Tønseth has an MSc in economics and administration from the Norwegian School of Economics (NHH), specialising in finance and econometrics. Ronja Capital is our largest shareholder.

Current other directorships and management positions..... Directorships:

- Rimfrost Holding AS, Board member
- Rimfrost Technologies AS, Board member,
- Pir Invest AS, Board member
- Norcod AS, Board member
- Hyperthermics AS, Board member
- Ztl Payment Solution AS, Board member
- Arctic Diatom AS, Board member
- Arctic Bioscience AS, Board member

Management position(s):

Ronja Capital II AS, Investment Director.

Previous directorships and management positions held during the last five years Directorships:

N/A

Kristoffer Reiten, Director

Kristofer Reiten has been CEO of Vikomar AS since 1995. This modern fish processing company specialises in the production, freezing and distribution of pelagic species. With his experience and knowledge, Reiten wants to participate in realising a paradigm shift in Norwegian aquaculture by farming and creating a sustainable salmon on land - a fish which has swum in clean seawater from the Norwegian coast, which has not been exposed to lice problems and which has experienced minimum handling during its life cycle. Reiten is one of our original owners and he is also a part owner of Romsdalsfisk AS which is a substantial shareholder in Salmon Evolution.

Current other directorships and management positions..... Directorships:

- Romsdalsfisk AS, Board member
- Vikomar AS, Board member
- Bortebakken AS, Board member
- Vikenco AS, Board member.

Management position(s):

Vikomar AS, CEO.

Previous directorships and management positions held during the last five years Directorships:

Gjensidige Forsikring Nordmøre og Romsdal, Board member.

Management position(s): N/A

Peder Stette, Director

Peder Stette has been in the fishing and aquaculture industry for the last 25 years. From 1994 he developed Peter Stette AS to be an important supplier of technical solutions to the industry before merging with Optimar in 2014. Optimar was later sold to Haniel in 2017, and Peder had the position as CTO and later CCO in Optimar until 2021. He is now the CEO of Stette Holding, a family investment company. Peder Stette holds the position as director of Ably Medical, Invisible Connections, Biaton, NSP Aid and others. For the coming years he will use his knowledge and experience to build values in the companies the Stette family is invested in.

Current other directorships and management positions..... Directorships:

- Pir I Invest AS, Chair
- Stette Eiendom AS, Chair
- Stette Invest AS, Chair
- Stette Holding AS, Chair
- P.P Stette AS, Chair

Ably Medical AS, Board member
Biation AS, Board member
Invisible Connections AS, Board member
North West Coast AS, Board member
North South Partnership Aid, Board member
Stette Friskule, Board member.
Codlife AS, Board member.
Lovart Aqua Logistics AS, Board member

Management position(s):

Stette Holding AS, CEO
P.P Stette AS, CEO

Previous directorships and management positions held
during the last five years

Directorships:

Biometrics AS, Chairman
NCE Blue LegaSea, Board member.

Management position(s): N/A

Glen Bradley, Director

Glen Bradley is chair of Rofisk AS, which owns Rostein AS. The latter is one of the world's leading well boat owners and ranks among our substantial shareholders. He has the equivalent of a BSc in economics, strategy and international marketing, and more than 20 years of experience in the salmon industry. He is currently deputy CEO of Rostein AS. As a director and shareholder, Bradley wants to use his experience and big commitment to the salmon industry to help us become an important company, both for the region and for our owners.

Current other directorships and management positions.....

Directorships:

Rostein AS, Chair
Rofisk AS, Chair
Salmoserve AS, Chair
CreateView AS, Chair
Bjørktun AS, Chair
GB Value AS, Chair
Marad Norway AS, Chair
Bergtun Kystfiske AS, Chair
Salmoseed AS, Chair
Ocean Industries AS, Chair
Rostein Management AS, Chair
Larsnes Mek Veksted AS, Board member
Aqua Vent AS, Board member
Codlife AS, Board member.

Management position(s):

Rostein AS, Vice President
Salmoserve AS, MD
Bjørktun AS, MD
GB Value AS, MD
Salmoseed AS, MD.

Previous directorships and management positions held
during the last five years

Directorships:

Mini Trafikkskole AS, Chair
Laksebørsen.no AS, Board member
Nils S. Hansen AS, Board member
Lotics AS, Board member
Oseon AS, Board member
Brønnbåteiernes Forening, Board member

Kystrederiene, Board member.

Management position(s): N/A

Anne Breiby, Director

Anne Breiby has a BSc in fisheries biology from the University of Tromsø and experience as aquaculture coordinator for the director of fisheries in Nordland county, organisation secretary for the Norwegian Fish Farmers Association, political adviser in the Ministry of Fisheries and state secretary (junior minister) in the Ministry of Trade and Industry. Over the past 20 years, Breiby has been self-employed with boardroom work as her main activity. She has board experience from inter alia Ulstein Group ASA, Rem Offshore ASA, Folketrygdfondet, Norges Sjømatråd AS and Sparebanken Møre. She is currently chair of Tafjord Kraft AS and St Olavs Hospital HF.

Current other directorships and management positions..... Directorships:

St. Olavs Hospital Hf, Chair
Åkerblå Holding AS, Chair
Åkerblå Group AS, Chair
Tafjord Kraft AS, Chair
Kjerby AS, Chair
Fiskeribladet AS, Board member.
Management position(s):

Kjerby AS, CEO.

Management position(s): N/A

Previous directorships and management positions held during the last five years

Directorships:

Akva Group ASA, Vice Chair / Board member
GIEK Kredittforsikring AS, Board member
Sjømatrådet AS, Board member.

Management position(s): N/A

Kiyun Yun, Director

Kiyun Yun is CFO of Dongwon Industries, one of Korea's leading seafood companies. He has more than 20 years of experience in mergers and acquisitions (M&A) and finance, concentrating on M&As in warehouse logistics and aquaculture since joining the Dongwon group in 2017. He began his career with CJ Group, specialising in media-related M&A. He followed CJ Group's media involvement from a pure content provider to distributing content in the cable TV segment. He also worked earlier on derivative sales for Colling Stewart in Singapore. Yun has a BSc from Yonsei University and an MSc in finance from London Business School.

Current other directorships and management positions..... Directorships: N/A

Management position(s):

Dongwon Industries Co. Ltd., CFO
K Smart Farming Co. Ltd., CEO

Previous directorships and management positions held during the last five years

Directorships: N/A

Management position(s):

Dongwon Enterprises Co. Ltd.

Janne-Grethe Strand Aasnæs, Director

Janne-Grethe Strand Aasnæs is the CEO and majority owner of Strand Havfiske AS, an Ålesund based fishing vessel company mainly engaged in whitefish and pelagic business. She has prior to that been engaged in the financial industry as a financial analyst/portfolio manager and manager of client relations within asset management. She holds an MBA and is a Certified financial analyst (AFA). Janne-Grethe holds several directorships in both the private and public sector and has a long experience in managing and developing companies.

Current other directorships and management positions..... Directorships:

- Strand Sea Service AS, Chair
- Fiskeri- og Havbruksnæringens Forskningsfinansiering AS, Chair
- Nikaro AS, Chair
- Strand Senior AS, Board member
- AS Havstrand, Board member
- Strand Havfiske AS, Board member
- Vasshaugen Invest AS, Board member
- Strand Sea Service AS, Board member
- Novela AS, Board member
- Novela Outdoor AS, Board member
- Novela Teknologi AS, Board member
- Ålesundregionens Havnevesen, Board member

Management position(s):

- AS Havstrand, CEO
- Strand Havfiske AS, CEO
- Strand Senior AS, CEO

Previous directorships and management positions held during the last five years Directorships:

- Farstad Shipping ASA, Board member

Management position(s): N/A

Ingvild Vartdal, Director

Ingvild Vartdal has a law degree and long experience as a corporate lawyer, and is currently a lawyer and partner in Advokatifirma AS. She specializes in corporate and international tax and has extensive experience from these areas in industries like fishing, shipping and finance. She has previously worked as a lawyer and partner in Advokatifirmaet Schjødt AS, in KPMG Law, and as a legal consultant at Bærum tax office. Vartdal has also been a member of the law committee for tax law. Vartdal holds several directorships and has experience from business management in both private and listed companies.

Current other directorships and management positions..... Directorships:

- Andhav Invest AS, Chair
- Havand Invest, Chair
- Hareid Elektriske AS, Chair
- LHA Invest AS, Chair
- LHA Invest Holding AS, Chair
- Vartdal Plastindustri AS, Board member
- Vartdal Holding AS, Board member
- Norsk Sjømat AS, Board member
- Olympic Subsea ASA, Board member
- Hotelldrift Ålesund AS, Board member
- Stiftelsen Kjell Holm, Board member
- Møretrygd, Board member
- IP Huse AS, Board member
- Rimfrost Holding AS, Deputy member
- Rimfrost Technologies AS, Deputy member.

Management position(s):

Adviso Advokatfirma AS, CEO.

Previous directorships and management positions held during the last five years

Directorships:

Avento AS, Chair
Mørenot Holding AS, Board member
Mørenot Aquaculture AS, Board member
Kaston International AS, Board member
Olympic Ship AS, Board member

Management position(s): N/A

Executive Management

The Company's Executive Management comprises of the following members:

Name	Position	Employed From
Håkon Andre Berg	CEO	2019
Trond Håkon Schoug-Pettersen	CFO	2021
Ingjarl Skarvøy	COO	2017
Kamilla Mordal Holo	Project Director	2018
Trond Valderhaug	CCO	2020

Set out below are brief biographies of the members of the Executive Management, along with disclosures about the companies and partnerships of which each member of the Executive Management has been member of the administrative, management and supervisory bodies in the previous five years, not including directorships and Executive Management positions in the Company or its subsidiaries.

Håkon Andre Berg, CEO

Håkon André Berg became our CEO in the spring of 2020 after serving as CFO from November 2019. With a background in management of strategy and business development, he has extensive industrial and financial experience and expertise from various private-equity related companies. That includes almost 15 years of experience in finance, including as a partner in the private equity companies Broodstock Capital Partners and Midvestor Management. He has been an associate at Argentum Private Equity and an analyst at Bridgehead Corporate Finance. In addition, he holds board appointments at a number of companies in the aquaculture sector, and he is currently chair of Pure Norwegian Seafood. Berg has a BSc in business economics from the BI Norwegian Business School, and MSc studies specialising in finance at the Norwegian School of Economics (NHH). Berg owns 75,075 shares and holds 450,000 share options in Salmon Evolution through the company Carried Away AS.

Current other directorships and management positions..... Directorships:

Pure Norwegian Seafood ASA, Chair
Carried Away AS, Chair

Management position(s): N/A

Previous directorships and management positions held during the last five years

Directorships:

Luminell Group AS, Chair
Luminell Invest AS, Board member
Shipnor AS, Chair
North Sea Salt Works AS, Chair
A-Lifting AS, Chair
Luminell Group AS, Deputy chair
Simpro AS, Deputy Chair
Nofence AS, Board member
SHM Solutions AS, Board member
Orivo AS, Board member

Broodstock Capital AS, Board member
MPI BCP I AS, Board member
BC SPV II AS, Board member
BC SPV I AS, Board member
Midvestor Management AS, Board member
Inpower Invest AS, Board member
Inpower AS, Board member
Brimer Servitech AS, Board member
Noca AS, Board member.

Management position(s): N/A

Trond Håkon Schaug-Pettersen, CFO

Trond Håkon Schaug-Pettersen took over as our CFO on 1 January 2021. He brings extensive experience from both the salmon industry and the capital market. Prior to joining Salmon Evolution, he served over 4 years as Senior Vice President Finance and Business Development at Hofseth International. Before joining Hofseth International, Schaug-Pettersen worked for nine years as an investment banker at Swedbank/First Securities advising Norwegian and international companies on IPOs, equity and debt capital raisings, M&A and strategy. Schaug-Pettersen has a BSc in Economics and Business Administration from the NHH Norwegian School of Economics. Schaug-Pettersen owns 166,666 shares and holds 375,000 options in Salmon Evolution.

Current other directorships and management positions..... Directorships:

Troha Invest AS (fully owned investment company).
K Smart Farming Co., Ltd, Board member

Management position(s): N/A

Previous directorships and management positions held during the last five years

Directorships:

Hofseth Asia Pte Ltd, Board member
HBC Berkåk AS, Board member
Ocean Solar AS, Board member
Atlas Premium SIA, Board member
Viking Øksnes AS, Board member
Hofseth Vardø AS, Board member
Incrementum Eiendom AS, Board member
Ålesund Kipervikgate 13 AS, Board member.
Brage Supplier KS, Board member.

Management position(s):

Senior Vice President and Business Development of Hofseth International AS.

Ingjarl Skarvøy, COO

Ingjarl Skarvøy is one of our founders and served as our first CEO. He has more than 30 years of experience from the aquaculture sector, including regional manager for Salmar Farming, CEO of Salmar Rauma and regional manager for Pan Fish Norway. Skarvøy owns 1,800,150 shares and holds 100,000 share options in Salmon Evolution through the company Terra Mare AS.

Current other directorships and management positions..... Directorships: N/A

Management position(s): N/A

Previous directorships and management positions held during the last five years

Directorships:

Salmon Evolution Norway AS⁹, Board member

Management position(s):

Salmon Evolution Norway AS, Managing Director

Kamilla Mordal Holo, Project Director

Kamilla Mordal Holo has 16 years of experience from the construction sector, including the post of project manager at the Norwegian Public Roads Administration responsible for the highway network in Møre og Romsdal county. She has also been project and construction manager at engineering and consultancy company 3S Project. Mordal Holo has an MSc in civil and environmental engineering from the Norwegian University of Science and Technology (NTNU). Mordal Holo owns 60,060 shares and holds 100,000 share options in Salmon Evolution through the company C10 Holding AS.

Current other directorships and management positions..... Directorships:

C10 Holding AS, fully owned investment company

Management position(s): N/A

Previous directorships and management positions held during the last five years

Directorships: N/A

Management position(s): N/A

Trond Valderhaug, COO

Trond Valderhaug has more than 20 years of experience in the seafood industry and began his career in Pan Fish in 1998. He joined us after spending four years as regional sales director Asia at Mowi. He has also held leading posts in Pan Fish/Marine Harvest Group, including two years as sales director EU origins and sourcing in Miami, USA. Valderhaug holds 150,000 share options in Salmon Evolution.

Relationships

There are no family relationship between any of the persons on the board and in the management.

10.3 Remuneration and Benefits

Board of Directors

The compensation for the members of the Board of Directors is determined on an annual basis by the shareholders of the Company at the annual general meeting. The compensation paid to the Board of Directors during the financial year 2020 is set out below.

<i>NOK thousands</i>	Year Ended 31 December, 2020
Tore Tønseth (Chairman of the Board - From March 2020)	80
Kristofer Reiten (Member of the Board) - Chairman until March 2020	240
Glen Bradley (Member of the Board)	140
Frode Kjøllås (Member of the Board)	140
Peder Stette (Member of the Board)	140
Ingjarl Skarvøy (Member of the Board) - Until March 2020	100
Per Olav Mevold (Member of the Board) - Until March 2020	100
Anders Sandøy (Member of the Board) - Until March 2020	100
Frank Småge (Member of the Board) - Until March 2020	100
Jonny Småge (Member of the Board) - Until March 2020	N/A
Anne Breiby (Member of the Board)	N/A
Kiyun Yun (Member of the Board)	N/A

In the annual general meeting of the Company held on 19 May 2021, it was resolved that the remuneration to the board

⁹ Previously named Salmon Evolution AS.

members for the period from the annual general meeting in 2020 until the annual general meeting in 2021 shall be as follows, to be paid with 1/12 per month that the relevant board member has held the position:

Chairman: NOK 500,000
Other Board members: NOK 250,000

Below is an overview of the remuneration paid to members of the Executive Management for the financial year 2020:

Executive Management

NOK thousands	Salary	Pension	Other	Total
Håkon André Berg (CEO and previous CFO) ¹⁾	1 819	60	22	1 901
Ingjarl Skarvøy (COO) ²⁾	1 366	63	155	1 584
Trond Valderhaug (CCO) ³⁾	381	18		400
Kamilla Mordal Holo (Project Director)	1 008	48	11	1 066
Odd Tore Finnøy (CEO) ⁴⁾	1 553	-	7	1 560
Total executive management	6 127	189	195	6 511

1) Håkon André Berg was appointed CEO in the spring of 2020 after serving as CFO from November 2019. Trond Håkon Schaug-Pettersen was appointed CFO with effect from 1 January 2021 and has therefore not received any remuneration for 2020.

2) Ingjarl Skarvøy was also a member of the Board and wages presented in the table above are net of such remuneration.

3) Trond Valderhaug was appointed CCO in October 2020.

4) Odd Tore Finnøy resigned as CEO following the appointment of Håkon André Berg.

Shares and Options held by Members of the Board of Directors and Executive Management

The table below sets forth the number of Shares beneficially owned by each of the Company's members of the Board of Directors and Executive Management as of the day of this Prospectus.

	Position	Shareholding	Options etc.
Tore A. Tønseth	Chairman	0	0
Kristofer Reiten	Director	1,058,033 ⁽¹⁾	0
Peder Stette	Director	11,236,005 ⁽²⁾	0
Glen Bradley	Director	1,570,000 ⁽³⁾	0
Anne Breiby	Director	49,000	0
Kiyun Yun	Director	0	0
Håkon André Berg	CEO	160,075 ⁽⁴⁾	450,000
Ingjarl Skarvøy	COO	1,800,150 ⁽⁵⁾	100,000
Kamilla Mordal Holo	Project Director	60,060 ⁽⁶⁾	100,000
Trond Valderhaug	CCO	0	150,000
Trond Håkon Schaug-Pettersen	CFO	166,666	375,000

⁽¹⁾ Indirectly held through his wholly-owned company Bortebakken AS. Not including indirect ownership through Romsdalsfisk AS, where Bortebakken AS has an ownership interest of approximately 30.3%. Romsdalsfisk AS has an ownership interest in the Company of approximately 6.7%.

⁽²⁾ Held through Stette Invest AS which is indirectly controlled by Peder Stette

⁽³⁾ Indirectly held through his wholly-owned company Ocean Industries AS, and private holding. Not including indirect ownership through Salmoserve AS, where GB Value (his wholly-owned company) has an ownership interest of 25%. Salmoserve AS has an ownership interest in the Company of approximately 1.2%.

⁽⁴⁾ Indirectly held through his wholly-owned company Carried Away AS

⁽⁵⁾ Indirectly held through his wholly-owned company Terra Mare AS

⁽⁶⁾ Indirectly held through her wholly-owned company C10 Holding AS

Except for the CFO and board member Anne Breiby, all members of the Board of Directors and Executive Management owning Shares in the Company have agreed to a lock-up period of 12 months, starting from the first day of trading of the Company's Shares on Euronext Growth. The lock-up undertaking covers all existing and future Shares acquired during the lock-up period and is subject to certain customary exemptions, such as upon the Euronext Growth Advisors' prior approval (not to be unreasonably withheld).

Loans and Guarantees

The Company has not provided any guarantees, or granted any loans or made any other similar commitments to any member of the Board of Directors or the Executive Management.

10.4 Benefits upon termination of employment

There are no agreements between the Company and members of the management or the Board of Directors providing for benefits upon termination of employment, except for the CEO, CFO and COO who has a contractual right to six months' severance pay due to non-compete clauses if such clauses are triggered by the Company.

The Company can at its sole discretion terminate the employment agreement for the CEO, but will then be obliged to pay a severance equivalent to 6 months' pay from the expiry of the termination period.

10.5 Disclosure of Conflicts of Interests

The Group has entered into a slaughter agreement with Vikenco AS, a company owned 49% by Romsdalsfisk AS which is partly owned (30.3%) by the Company's board member Kristofer Reiten. Such ownership interest may therefore cause actual or potential conflicts of interest with the Company.

The Company's board member Kiyun Yun represents Dongwon Industries on the board, which is a major shareholder in the Company. Dongwon Industries is also the 51% owner of K Smart and Kiyun Yun is the appointed CEO of K Smart. Such relationships may therefore cause actual or potential conflicts of interest with the Company.

Except for the above, there are to the Company's knowledge no actual or potential conflicts of interest between the Company and members of the Board of Directors of the Executive Management.

10.6 Disclosure About Convictions in Relation to Fraudulent Offences

During the last five years preceding the date of this Prospectus, no member of the Board of Directors or the Executive Management has:

- any convictions in relation to indictable offences or convictions in relation to fraudulent offences;
- received any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies) or ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company; or
- been declared bankrupt or been associated with any bankruptcy, receivership or liquidation in his capacity as a founder, director or senior manager of a company.

10.7 Nomination Committee

The Company's Articles of Association provide for a nomination committee composed of minimum 3 members who are elected by the general meeting. The nomination committee is responsible for nominating the members of the Board of Directors and the nomination committee. The nomination committee of the Company comprises of the following members: Frode Kjølås (chair), Stian S. Tennfjord and Berit Rogne.

10.8 Audit Committee

The Company has an audit committee, the members of which as of the date of this Prospectus are Janne-Grethe Strand Aasnæs (Chair) and Glen Bradley, both members of the Board of Directors. The primary purposes of the audit committee are to:

- carry out preparatory work for the Board of Directors' monitoring of the financial reporting,
- monitor the Company's systems for internal control and risk management, and the Company's internal audit function, if applicable,
- maintain regular contact with the Company's elected auditor in respect of the statutory audit of the annual accounts, and
- review and monitor the independence of the statutory auditor, and in particular the extent to which services other than statutory audit provided by the auditor or audit firm represent a threat to the auditor's independence.

The audit committee reports and makes recommendations to the Board of Directors, but the board of directors retains responsibility for implementing such recommendations. Janne-Grethe Strand Aasnæs has relevant qualifications within accounting/auditing and is an independent board member in accordance with the requirements set out in the Norwegian Public Limited Liability Companies Act section 6-42.

10.9 Corporate Governance

The Company's corporate governance principles are based on, and comply with, the Norwegian Code of Practice, with the following exceptions:

Item 7 - General Meeting:

- The general meeting is chaired by the chairman of the board of directors or an individual appointed by the chairman of the board of directors. Having the chairman of the board of directors or a person appointed by him chairing the general meetings simplifies the preparations for the general meetings significantly. In the Company's experience, its procedures for the chairmanship and execution of general meetings have proven satisfactory.
- The shareholders are invited to vote on the composition of the board of directors proposed by the nomination committee as a group, and not on each board member separately, as it is important to the Group that the board of directors of the Company works in the best possible manner as a team and that the background and competence of the board members complement each other.
- The Company encourages shareholders to attend the general meeting. It is also the intention to have representatives of the board of directors and the chairman of the nomination committee to attend the general meeting. The Company will, however, normally not have the entire board attend the meeting as this is considered unnecessary. This represents a deviation from the Code of Practice which states that arrangements shall be made to ensure participation by all directors.

Item 10 - The work of the Board of Directors

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

Item 15 - Takeovers:

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

10.10 Employees

Employees

Below is an overview of the employees of the Group as of 31 December 2020, 2019 and 2018, respectively.

	Year		
	2020	2019	2018
Average number of employees	8	6	1
Employees, at period end	12	8	1

Share Incentive Program for Employees

The Company has implemented a share option program that was approved by the Board of Directors 24 August 2020. The option program applies to management and key personnel and a total of 1,625,000 options have currently been issued at a fixed exercise price between NOK 4.30 - 6.20 per share and a weighted average exercise price of NOK 5.25 per share. These options can at the earliest be exercised after 12-18 months from allocation and shares received under this scheme have a lockup of 6-12 months.

Other than as set out above, the Company has not issued any options, warrants, convertible loans, or any subordinated debt or transferable securities.

11. RELATED PARTY TRANSACTIONS

This Section provides information certain transactions which the Company is, or has been, subject to with its related parties during the three years ended 31 December 2020, 2019 and 2018 and up to the date of this Prospectus. For the purposes of the following disclosures of related party transactions, "related parties" are those that are considered as related parties of the Company pursuant to IAS 24 "Related Party Disclosures".

During the ordinary course of business, the Company engages in certain transactions with related parties. As per 31 December 2020 the Company had made the following related party transactions (extracted from Note 18 "Related party transactions" to the 2020 Financial Statements which provide additional details about income form and expenses to related parties)¹⁰:

Income from related parties:

NOK thousands	2020
Vikomar AS	5 046
Total income from related parties (Incl. VAT)	5 046

Expenses to related parties:

NOK thousands	2020
Artec Aqua AS	169 762
Carried Away AS	15
Total expenses to related parties (Incl. VAT)	169 777

Current liabilities to related parties

NOK thousands	31.12.2020
Artec Aqua AS	56 293
Total current liabilities to related parties	56 293

The following is a summary of related party transactions entered into by the Group during the three years ended 31 December 2020, 2019 and 2018 and up to the date of this Prospectus:

The Construction Contract with Artec Aqua

Pursuant to the Construction Contract entered into with Artec Aqua AS in 2019, the Company has had a significant volume of transactions with Artec Aqua AS in 2020 and the first quarter of 2021 related to the ongoing construction of the land-based salmon production Facility. The pricing in the Construction Contract is on a cost-plus basis with a target price of approximately NOK 1.3 billion. Artec Aqua AS can claim compensation for the work in accordance with the agreed price per hour and mark-up in both the planning and execution phase. During the execution phase there will be an ongoing interaction between Artec Aqua AS and Salmon Evolution that seeks to monitor the target price. Change orders that is approved by Salmon Evolution will result in an adjustment of the target price. If the agreed target price is exceeded, as a result of a cost overrun not linked to change orders that is not approved by Salmon Evolution, Artec Aqua AS will not be compensated actual cost, and the target price will not be adjusted.

Please see Section 5.5 for additional details regarding the Construction Contract.

Artec Aqua AS was a related party to the Company at the time when then Construction Contract was entered into due to Artec Aqua AS being a subsidiary of Artec Holding AS, which holds a 3.7% shareholding in the Company. Artec Aqua is, however, no longer considered to be a related party to the Company as at the date of this Prospectus, as Artec Holding AS recently sold Artec Aqua AS to an external third party.

The Exclusivity Agreement with Artec Aqua

The Company has entered into an exclusivity agreement with Artec Aqua (the "Exclusivity Agreement"). The Exclusivity Agreement is applicable in two years from signing the Construction Contract, i.e. two years from 15 October 2019, with an agreed intention to negotiate a two year extension up to four times. According to the Exclusivity Agreement, the Company has an exclusive right to use Aqua Artec as complete supplier of landbased edible fish facilities for production of salmon, where the facilities are based on re-use technology. The Company is correspondingly obliged to use Artec Aqua as complete supplier on all later building steps of the Facility. Further, Artec Aqua has the same exclusive right and obligation to be the complete supplier of all seafood facilities with associated smolt installations that the Company constructs, or that is constructed by a company where the Company directly or indirectly controls more than 50 % of the shares. The right is

¹⁰ Not including related party transactions entered into in 2021

applicable both in Norway and abroad. The Exclusivity agreement is not applicable on facilities that are based on recycling technology. As long as the Exclusivity Agreement is applicable, the Company cannot directly or indirectly hold shares in a company for smolt or edible fish production that uses other suppliers than Artec Aqua to construct landbased edible fish or smolt facilities based on re-use technology or flow through technology.

Please see Section 5.6 for additional details regarding the Exclusivity Agreement with Artec Aqua.

Artec Aqua AS was a related party to the Company at the time when then Construction Contract was entered into due to Artec Aqua AS being a subsidiary of Artec Holding AS, which holds a 3.7% shareholding in the Company. Artec Aqua is, however, no longer considered to be a related party to the Company as at the date of this Prospectus, as Artec Holding AS recently sold Artec Aqua AS to an external third party.

The internal Reorganization

Please see Section 5.2 for a description of the internal Reorganization that was completed on 4 August 2020.

The JV Agreement with Dongwon Industries

The JV Agreement between the Company and Dongwon Industries regulates the two parties' rights and responsibilities in connection with the K Smart joint venture, where the Company holds an indirect 49% ownership interest and Dongwon Industries holds the remaining 51%. As per the JV Agreement the parties have agreed that K Smart, for a period of 5 years, shall be their exclusive vehicle for land-based salmon farming facilities in South Korea and Japan. Though Salmon Evolution could with its 49% ownership and minority position in the board have limited influence over decision-making in K Smart, the JV Agreement includes a comprehensive set of corporate governance principles that aims to ensure transparency, mutual influence and balance in the partnership structure, including a wide-ranging list of topics that are subject to mutual agreement between the joint venture partners, irrespective of their ownership share. Please refer to section 5.2 "Global expansion plan and the joint venture with Dongwon Industries" and section 5.6 "Material Contracts" for further details.

Consulting fee to Glen Bradley

In connection with the private placement that was completed by Salmon Evolution Norway AS in March 2020, the Group paid NOK 260,000 to board member Glen Bradley for certain assistance provided.

Slaughter agreement with Vikenco AS

The Group has entered into a slaughter agreement with Vikenco AS, a company owned 49% by Romsdalsfisk AS, who is one of the larger shareholders in the Company. The agreement has been entered into on market terms and assumes that the fish is transported from the Facility to the slaughtering facilities by a wellboat.

Vikomar AS

Salmon Evolution has sold leftover rock to Vikomar AS at market terms during 2020. CEO Kristofer Reiten in Vikomar is also represented as board member in Salmon Evolution.

12. DIVIDEND AND DIVIDEND POLICY

This Section provides information about the dividend policy and dividend history of the Company, as well as certain legal constraints on the distribution of dividends under the Norwegian Public Limited Liability Companies Act (Nw. allmennaksjeloven). Any future dividends declared by the Company will be paid in NOK as this is the currency that currently is supported by the VPS. The following discussion contains Forward-looking Statements that reflect the Company's plans and estimates; see Section 4.3 "General Information—Cautionary Note Regarding Forward-Looking Statements".

12.1 Dividend Policy

As of the date of this Prospectus, the Company is in a growth phase and is not in a position to pay any dividends. Beyond the growth phase, it is the Company's ambition to pay dividends to shareholders as soon as it considers itself to be in a position to do so. There can, however, be no assurance that any dividend will be proposed or declared, or if proposed or declared, that the dividend will be as contemplated by the policy. In deciding whether to propose a dividend and in determining the dividend amount, the Company's Board of Directors will take into account legal restrictions, as set out in Section 12.3 "—Legal Constraints on the Distribution of Dividends", the Company's capital requirements, including capital expenditure requirements, its financial condition, general business conditions and any restrictions that its borrowing arrangements or other contractual arrangements in place at the time of the dividend may place on its ability to pay dividends and the maintaining of appropriate financial flexibility.

12.2 Dividend History

The Company was incorporated in July 2020 and has not yet paid any dividend.

12.3 Legal Constraints on the Distribution of Dividends

Dividends may be paid in cash or, in some instances, in kind. The Norwegian Public Limited Liability Companies Act provides several constraints on the distribution of dividends:

- Unless the Company follows the procedures stipulated in Sections 12-4 and 12-6 of the Norwegian Public Limited Liability Companies Act in respect of reduction of share capital, dividends are payable only out of distributable equity of the Company. Section 8-1 of the Norwegian Public Limited Liability Companies Act provides that a company may only distribute dividends to the extent that the company following the distribution still has net assets which provide coverage for the company's share capital and other non-distributable reserves.
- Certain items shall be deducted from the distributable equity, being the total nominal value of treasury shares which the Company has acquired for ownership or pledge prior to the balance sheet date, and credit and security that, pursuant to Sections 8-7 to 8-9 of the Norwegian Public Limited Liability Companies Act, prior to the balance sheet date fall within the limits of distributable equity, provided that such credit and security have not been repaid or cancelled prior to the resolution date, or a credit to a shareholder to the extent such credit is cancelled by offset in the dividends. In the event the Company after the balance sheet date has carried out any disposals that pursuant to the Norwegian Public Limited Liability Companies Act shall fall within the distributable equity, such disposals shall be deducted from the distributable equity.
- The Company cannot distribute dividends which would result in the Company not having an equity which is adequate in terms of the risk and scope of the Company's business.
- The calculation of dividends shall be on the basis of the balance sheet in the Company's last approved annual financial statements, but the Company's registered share capital at the time of the resolution shall still apply. It is also possible to distribute extraordinary dividends on the basis of an interim balance sheet which is prepared and audited in accordance with the rules for annual financial statements and approved by the general meeting of the Company. The interim balance sheet date cannot be dated more than six months prior to the resolution by the general meeting of payment of such extraordinary dividend.
- The amount of distributable dividends is calculated on the basis of the Company's separate financial statements and not on the basis of the consolidated financial statements of the Company and its consolidated subsidiaries.
- Distribution of dividends is resolved by a majority vote at the general meeting of the shareholders of the Company and on the basis of a proposal from the Board of Directors. The general meeting cannot distribute a larger amount than what is proposed or accepted by the Board of Directors.

The Norwegian Public Limited Liability Companies Act does not provide for any time limit after which entitlement to dividends lapses. Subject to various exceptions, Norwegian law provides a limitation period of three years from the date on which an obligation is due. There are no dividend restrictions or specific procedures for non-Norwegian resident

shareholders to claim dividends. For a description of withholding tax on dividends applicable to non-Norwegian residents, see Section 15.2 “Norwegian Taxation— Non-Resident Shareholders”.

13. CORPORATE INFORMATION; SHARES AND SHARE CAPITAL

The following is a summary of certain corporate information and other information relating to the Group, the Shares and share capital of Company, summaries of certain provisions of the Company's Articles of Association and applicable Norwegian law in effect as of the date of this Prospectus, including the Norwegian Public Limited Liability Companies Act (Nw. *allmennaksjeloven*). This summary does not purport to be complete and is qualified in its entirety by Company's Articles of Association and applicable Norwegian law.

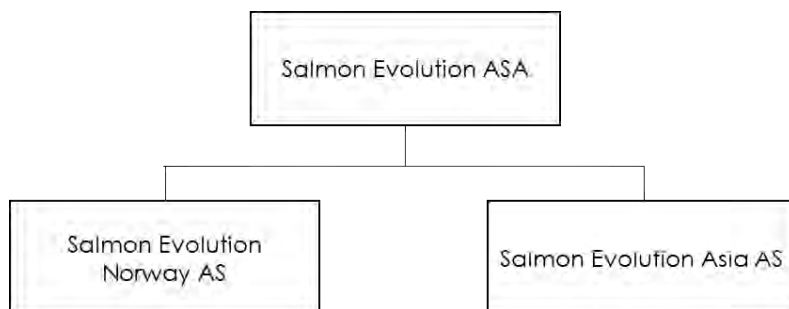
13.1 Incorporation; Registration Number; Registered Office and Other Company Information

The legal name of the Company is Salmon Evolution ASA, and its commercial name is Salmon Evolution. The Company is a Norwegian public limited liability company (Nw. *allmennaksjeselskap* or ASA), incorporated under the laws of Norway and in accordance with the Norwegian Public Limited Liability Companies Act. The Company's business registration number is 925 344 877 its LEI is 549300P2OB7L255PF765. The Company was incorporated on 3 July 2020 and converted into a public limited liability company on 19 March 2021.

The head office and registered address of the Company is Eikremsvingen 4, 6422 Molde, Norway, and its website is www.salmonevolution.no. The information on the Company's website does not form part of this Prospectus, unless that information is incorporated by reference to this Prospectus.

13.2 Legal Structure

The chart below shows the current legal structure of the Group:



13.3 Information on Holdings

The following table sets out information about the entities in which the Company, as of the date of this Prospectus, holds (directly or indirectly) more than 10% of the outstanding capital and votes (dormant companies are not included).

Name	Country of Incorporation	Registered Office	Holding	Field of Activity
Salmon Evolution Norway AS	Norway	Eikremsvingen 4, 6422 Molde	100%	Land-based salmon farming
Salmon Evolution Asia AS	Norway	Eikremsvingen 4, 6422 Molde	100%	Land-based salmon farming
K-Smart Farming	South Korea	68, Mababg-ro, Seocho-gu, Seoul, Korea	49%	Land-based salmon farming

13.4 Share Capital and Share Capital History

As of the date of this Prospectus, the Company's share capital is NOK 15,153,221.05 NOK divided into 303,064,421 Shares, fully paid and each Share having a par value of NOK 0.05. The Shares have been issued under Norwegian limited liability companies law and are registered on the Company's ISIN NO0010892094 with Euronext VPS in book-entry form.

The table below shows the development in the share capital of the Company since 3 July 2020 and up to the date of this Prospectus.

	<u>Date</u>	<u>Capital Increase (NOK)</u>	<u>Share Capital After Change (NOK)</u>	<u>Par Value of Shares (NOK)</u>	<u>Subscription Price per Share (NOK)</u>	<u>New Shares</u>	<u>Total Number of Outstanding Shares</u>
Type of change							
Incorporation	3 July 2020	30,000	30,000	0.05	0.05	600,000	600,000
.....							
Capital reduction	23 July 2020	- 30,000	0	0.05	0	0	0
.....							
Contribution in kind	23 July 2020	5,405,159.10	5,405,159.10	0.05	3.33	108,103,182	108,103,182
.....							
Private placement	23 July 2020	581,395.30	5,986,554.40	0.05	4.30	11,627,906	119,731,088
.....							
Private placement	11 September	5,000,000	10,986,554	0.05	5.00	100,000,000	219,731,088
.....							
Private Placement	19 March 2021	4,166,667	15,153,221.05	0.05	6.00	83,333,333	303,064,421

13.5 Authorisation to Increase the Share Capital and to Issue Shares and Other Financial Instruments

On 19 May 2021, the Company's annual general meeting granted its board of directors two authorisations to increase the share capital of the Company. One authorisation concerns issuing of new shares related to the Company's incentive programmes and is limited to an increase in the share capital of NOK 757,661.05 in one or more rounds. The other authorisation is limited to a total increase in the share capital, in one or more rounds, by up to NOK 1,515,322.1 and can only be used to issue new shares in connection with strengthening of the Company's equity, to raise equity for future investments within the Company's scope of operations or for general corporate purposes. The Board of Directors may set aside the shareholders' pre-emptions right for subscription of shares pursuant to the Norwegian Public Limited Liability Companies Act Section 10-4, when resolving to issue new shares pursuant to the authorisations. Both authorisations expire at the earlier of the Company's annual general meeting in 2022 or 30 June 2022.

13.6 Share Classes; Rights Conferred by the Shares

The Company has a single share class and all shares carry the same rights. At the Company's general meetings, each share carries one vote.

13.7 Disclosure on Notifiable Holdings

As of 7 July 2021, which was the latest practicable date prior to the date of this Prospectus, and insofar as known to the Company, the following persons had, directly or indirectly, interest in 5% or more of the issued share capital of the Company (which constitutes a notifiable holding under the Norwegian Securities Trading Act):

	<u>%</u>
Ronja Capital AS	8.8
.....	
The Bank of New York Mellon SA/NV	7.1
.....	
Romsdalsfisk AS	7.0
.....	
Farvatn Private Equity AS	5.6
.....	
Dongwon Industries Co., Ltd.	5.3
.....	

None of the major shareholders have different voting rights than the other shareholders of the Company.

The Company is not aware of any direct or indirect control of the Company as at the date of this Prospectus.

13.8 Articles of Association

The Company's Articles of Association are appended as Appendix A—Articles of Association to this Prospectus. Below is a summary of certain provisions of the Articles of Association. The Company's Articles of Association do not contain any provisions that would have the effect of delaying, deferring or preventing a change of control of the Company.

Objective

Pursuant to Section 2 of the Articles of Association, the Company's objective is to conduct business of land-based salmon production domestically and internationally and to invest in companies that have ties to the aquaculture industry.

Board of Directors

Pursuant to Section 4 of the Articles of Association, the Company's Board of Directors shall consist of minimum 5 and maximum of 9 members.

No Restrictions on Transfer of Shares

The Articles of Association do not provide for any restrictions, or a right of first refusal, on transfer of Shares. Share transfers are not subject to approval by the Board of Directors.

General Meetings

Pursuant to Section 5 of the Articles of Association, documents which deal with matters that are to be considered by the shareholders at general meetings are not required to be sent to the shareholders, provided that such documents have been made available on the Company's website. A shareholder may in any case request such documents to be sent to him.

13.9 Certain Aspects of Norwegian Company Law

General Meetings

In accordance with Norwegian law, the annual general meeting of the Company's shareholders is required to be held each year on or prior to June 30. Norwegian law requires that written notice of general meetings setting forth the time, date and agenda of the meeting be sent to all shareholders whose addresses are known at least three weeks prior to the date of the meeting. A shareholder may vote at the general meeting either in person or by proxy. Although Norwegian law does not require the Company to send proxy forms to its shareholders for general meetings, the Company plans to include a proxy form with notices of general meetings. All of the Company's shareholders who are registered in the register of shareholders maintained with the VPS as of the date of the general meeting, or who have otherwise reported and documented ownership to Shares, are entitled to participate at general meetings, without any requirement of pre-registration.

Apart from the annual general meeting, extraordinary general meetings of shareholders may be held if the Board of Directors considers it necessary. An extraordinary general meeting of shareholders must also be convened for the consideration of specific matters at the written request of the Company's auditor or of shareholders representing a total of at least 5 per cent of the Company's share capital. The requirements for notice and admission to the annual general meeting of the Company's shareholders also apply for extraordinary general meetings of shareholders.

Voting Rights; Amendments to the Articles of Association

Each of the Company's Shares carries one vote. In general, decisions that shareholders are entitled to make under Norwegian law or the Company's Articles of Association may be made by a simple majority of the votes cast. In the case of elections, the persons who obtain the greatest number of votes cast are elected. However, as required under Norwegian law, certain decisions, including resolutions to derogate from the shareholders preferential rights to subscribe in connection with any share issue in the Company, to approve a merger or demerger of the Company, to amend the Articles of Association, to authorise an increase or reduction in the share capital, to authorise an issuance of convertible loans or warrants by the Company or to authorise the board of directors to purchase the Shares and hold them as treasury shares or to dissolve the Company, must receive the approval of at least two-thirds of the aggregate number of votes cast as well as at least two-thirds of the share capital represented at a general meeting. Norwegian law further requires that certain decisions, which have the effect of substantially altering the rights and preferences of any shares or class of shares, receive the approval by the holders of such shares or class of shares as well as the majority required for amending the Articles of Association.

Decisions that (i) would reduce the rights of some or all of the Company's shareholders in respect of dividend payments or other rights to assets or (ii) restrict the transferability of the Shares, require that at least 90 per cent of the share capital represented at the general meeting of the Company's shareholders in question vote in favour of the resolution, as well as the majority required for amending the Articles of Association. Certain types of changes in the rights of shareholders require the consent of all shareholders affected thereby as well as the majority required for amending the Articles of Association.

In general, only shareholders registered in the VPS are entitled to vote on Shares. Neither beneficial owners of Shares that are registered in the name of a nominee are generally not entitled to vote on Shares under Norwegian law, nor are persons who are designated in the VPS register as the holder of such Shares as nominees.

There are no quorum requirements that apply to the general meetings of the shareholders of the Company.

Additional Issuances and Preferential Rights

If the Company issues any new Shares, including bonus share issues, the Company's Articles of Association must be amended, which requires the same vote as other amendments to its Articles of Association. In addition, under Norwegian law, the Company's shareholders have a preferential right to subscribe for new Shares issued by the Company. Preferential rights may be derogated from by resolution in a general meeting of the Company's shareholders passed by the same vote required to approve amending the Articles of Association. A derogation of the shareholders' preferential rights in respect of bonus issues requires the approval of all outstanding Shares.

At a general meeting the Company's shareholders may, by the same vote as is required for amending the Articles of Association, authorise the Board of Directors to issue new Shares, and to derogate from the preferential rights of shareholders in connection with such issuances. Such authorisation may be effective for a maximum of two years, and the par value of the Shares to be issued may not exceed 50 per cent of the registered nominal share capital when the authorisation is registered with the Norwegian Register of Business Enterprises.

Under Norwegian law, the Company may increase its share capital by a bonus share issue, subject to approval by the Company's shareholders, by transfer from the Company's distributable equity or from the Company's share premium reserve, and thus the share capital increase does not require any payment of a subscription price by the shareholders. Any bonus issues may be affected either by issuing new shares to the Company's existing shareholders or by increasing the par value of the Company's outstanding Shares.

Issuance of new Shares to shareholders who are citizens or residents of the United States upon the exercise of preferential rights may require the Company to file a registration statement in the United States under United States securities laws. Should the Company in such a situation decide not to file a registration statement, the Company's US shareholders may not be able to exercise their preferential rights. If a US shareholder is ineligible to participate in a rights offering, such shareholder would not receive the rights at all and the rights would be sold on the shareholder's behalf by the Company if deemed appropriate by the Company.

Minority Rights

Norwegian law sets forth a number of protections for minority shareholders of the Company, including but not limited to those described in this paragraph and the description of general meetings as set out above. Any of the Company's shareholders may petition Norwegian courts to have a decision of the Board of Directors or the Company's shareholders made at the general meeting declared invalid on the grounds that it unreasonably favours certain shareholders or third parties to the detriment of other shareholders or the Company itself. The Company's shareholders may require the courts to dissolve the Company as a result of such decisions. Minority shareholders holding 5 per cent or more of the Company's share capital have a right to demand in writing that the Company's Board of Directors convene an extraordinary general meeting of the Company's shareholders to discuss or resolve specific matters. In addition, any of the Company's shareholders may in writing demand that the Company place an item on the agenda for any general meeting as long as the Company is notified in time for such item to be included in the notice of the meeting. If the notice has been issued when such a written demand is presented, a renewed notice must be issued if at least two weeks remain before the general meeting is to be held.

Rights of Redemption and Repurchase of Shares

The share capital of the Company may be reduced by reducing the par value of the Shares or by cancelling Shares. Such a decision requires the approval of at least two-thirds of the aggregate number of votes cast and at least two-thirds of the share capital represented at a general meeting of the Company's shareholders. Redemption of individual Shares requires the consent of the holders of the Shares to be redeemed.

The Company may purchase its own Shares provided that the Board of Directors has been granted an authorisation to do so by a general meeting of the Company's shareholders with the approval of at least two-thirds of the aggregate number of votes cast and at least two-thirds of the share capital represented at the meeting. The aggregate par value of treasury shares so acquired, and held by the Company must not exceed 10 per cent of the Company's share capital, and treasury shares may only be acquired if the Company's distributable equity, according to the latest adopted balance sheet, exceeds the consideration to be paid for the shares. The authorisation by the general meeting of the Company's shareholders cannot be granted for a period exceeding 24 months.

Shareholder Vote on Certain Reorganisations

A decision of the Company's shareholders to merge with another company or to demerge requires a resolution by the general meeting of the shareholders passed by at least two-thirds of the aggregate votes cast and at least two-thirds of the share capital represented at the general meeting. A merger plan, or demerger plan signed by the Board of Directors along with certain other required documentation, would have to be sent to all the Company's shareholders at least one month prior to the general meeting of the Company's shareholders to pass upon the matter.

Liability of Directors

Members of the Board of Directors owe a fiduciary duty to the Company and its shareholders. Such fiduciary duty requires that the directors act in the best interests of the Company when exercising their functions and exercise a general duty of loyalty and care towards the Company. Their principal task is to safeguard the interests of the Company.

Members of the Board of Directors may each be held liable for any damage they negligently or wilfully cause the Company. Norwegian law permits the general meeting of the Company's shareholders to discharge any such person from liability, but such discharge is not binding on the Company if substantially correct and complete information was not provided at the general meeting of the Company's shareholders passing upon the matter. If a resolution to discharge the Company's directors from liability or not to pursue claims against such a person has been passed by a general meeting of the Company's shareholders with a smaller majority than that required to amend the Company's Articles of Association, shareholders representing more than 10 per cent of the share capital or, if there are more than 100 shareholders, more than 10 per cent of the shareholders may pursue the claim on the Company's behalf and in its name. The cost of any such action is not the Company's responsibility but can be recovered from any proceeds the Company receives as a result of the action. If the decision to discharge any of the Company's directors from liability or not to pursue claims against the Company's directors is made by such a majority as is necessary to amend the Articles of Association, the minority shareholders of the Company cannot pursue such claim in the Company's name.

Indemnification of Directors

Neither Norwegian law nor the Articles of Association contain any provision concerning indemnification by the Company of the members of the Board of Directors. The Company is permitted to purchase, and has purchased, insurance to cover the Company's directors against certain liabilities they may incur in their capacity as such.

Distribution of Assets on Liquidation

Under Norwegian law, the Company may be wound-up by a resolution of the Company's shareholders at the general meeting passed by at least two-thirds of the aggregate votes cast and at least two-thirds of the share capital represented at the meeting. In the event of liquidation, the Shares rank equally in the event of a return on capital by the Company, if any.

14. SECURITIES TRADING IN NORWAY

The following is a summary of certain information in respect of trading and settlement of shares on the Oslo Stock Exchange, securities registration in Norway and certain provisions of applicable Norwegian securities law, including the Norwegian Securities Trading Act, in effect as of the date of this Prospectus, which may be subject to changes occurring after such date. This summary does not purport to be complete and is qualified in its entirety by Norwegian law. Shareholders who wish to clarify the aspects of securities trading in Norway should consult with and rely upon their own advisors.

14.1 Introduction

As a company listed on Oslo Børs, the Company is subject to certain duties to inform the market under the Norwegian Securities Trading Act, the EU Market Abuse Regulation (“MAR”) as well as Oslo Børs obligations applicable to stock exchange listed companies, and the market abuse and trading rules in chapter 3 of the Norwegian Securities Trading Act. Furthermore, the Company is subject to Norwegian securities regulations and supervision by the relevant Norwegian authorities.

14.2 Trading and Settlement

Official trading on Oslo Børs takes place between 09:00 (CEST) and 16:20 (CEST) each trading day.

The settlement period for trading on Oslo Børs/Euronext Expand is two trading days (T+2). This means that securities will be settled on the investor’s account in VPS two days after the transaction, and that the seller will receive payment after two days.

Investment services in Norway may only be provided by Norwegian investment firms holding a license under the Norwegian Securities Trading Act, branches of investment firms from a member state of the EEA, or investment firms from outside the EEA that have been licensed to operate in Norway. Investment firms in another EEA member state may also provide cross-border investment services into Norway.

It is possible for investment firms to undertake market-making activities in shares listed in Norway if they have a license to this under the Norwegian Securities Trading Act, or, in the case of investment firms in another EEA member state, a license to carry out market-making activities in their home jurisdiction. Such market-making activities will be governed by the regulations of the Norwegian Securities Trading Act relating to brokers’ trading for their own account. Such market-making activities do not as such require notification to the Norwegian FSA or Oslo Børs, except for the general obligation of investment firms that are members of Oslo Børs to report all trades in stock exchange listed securities.

14.3 Information, Control and Surveillance

Under Norwegian law, Oslo Børs is required to perform a number of surveillance and control functions. The Surveillance and Corporate Control unit of Oslo Børs monitors all market activity on a continuous basis. Market surveillance systems are largely automated, promptly warning department personnel of abnormal market developments.

The Norwegian FSA controls the issuance of securities in both the equity and bond markets in Norway and evaluates whether the issuance documentation contains the required information and whether it would otherwise be unlawful to carry out the issuance.

Under Norwegian law, having implemented the EU Market Abuse Directive, a company that is listed on a Norwegian regulated market, or that has filed an application for listing on such market, must promptly release any inside information (i.e., precise information about financial instruments, the Company thereof, or other matters that are likely to have a significant effect on the price of the relevant financial instruments or related financial instruments, and that are not publicly available or commonly known in the market). A company may, however, delay the release of such information in order not to prejudice its legitimate interests, provided that it is able to ensure the confidentiality of the information and that the delayed release would not be likely to mislead the public. Oslo Børs may levy fines on companies violating these requirements.

14.4 The VPS and Transfer of Shares

The Company’s shareholder register is operated through the VPS²⁸. The VPS is the Norwegian paperless centralised securities register. It is a computerised book-keeping system in which the ownership of, and all transactions relating to, Norwegian listed shares must be recorded. The VPS and the Oslo Stock Exchange are both wholly owned by Euronext Nordics Holding AS.

All transactions relating to securities registered with the VPS are made through computerised book entries. No physical share certificates are, or may be, issued. The VPS confirms each entry by sending a transcript to the registered shareholder irrespective of any beneficial ownership. To give effect to such entries, the individual shareholder must establish a share account with a Norwegian account agent. Norwegian banks, Norges Bank (Norway's central bank), authorised securities brokers in Norway and Norwegian branches of credit institutions established within the EEA are allowed to act as account agents.

As a matter of Norwegian law, the entry of a transaction in the VPS is prima facie evidence in determining the legal rights of parties as against the issuing company or any third party claiming an interest in the given security. A transferee or assignee of shares may not exercise the rights of a shareholder with respect to such shares unless such transferee or assignee has registered such shareholding or has reported and shown evidence of such share acquisition, and the acquisition is not prevented by law, the relevant company's articles of association or otherwise.

The VPS is liable for any loss suffered as a result of faulty registration or an amendment to, or deletion of, rights in respect of registered securities unless the error is caused by matters outside the VPS's control which the VPS could not reasonably be expected to avoid or overcome the consequences of. Damages payable by the VPS may, however, be reduced in the event of contributory negligence by the aggrieved party.

The VPS must provide information to the Norwegian FSA on an on-going basis, as well as any information that the Norwegian FSA requests. Further, Norwegian tax authorities may require certain information from the VPS regarding any individual's holdings of securities, including information about dividends and interest payments.

14.5 Shareholder Register - Norwegian law

Under Norwegian law, shares are registered in the name of the beneficial owner of the shares. As a general rule, there are no arrangements for nominee registration, and Norwegian shareholders are not allowed to register their shares in the VPS through a nominee. However, foreign shareholders may register their shares in the VPS in the name of a nominee (bank or other nominee) approved by the Norwegian FSA. An approved and registered nominee has a duty to provide information on demand about beneficial shareholders to the company and to the Norwegian authorities. In case of registration by nominees, the registration in the VPS must show that the registered owner is a nominee. A registered nominee has the right to receive dividends and other distributions but cannot vote in general meetings on behalf of the beneficial owners.

14.6 Foreign Investment in Shares listed in Norway

Foreign investors may trade shares listed on the Oslo Stock Exchange through any broker that is a member of the Oslo Stock Exchange, whether Norwegian or foreign.

14.7 Disclosure Obligations

If a person's, entity's or consolidated group's proportion of the total issued shares and/or rights to shares in a company listed on a regulated market in Norway (with Norway as its home state, which will be the case for the Company) reaches, exceeds or falls below the respective thresholds of 5%, 10%, 15%, 20%, 25%, 1/3, 50%, 2/3 or 90% of the share capital or the voting rights of that company, the person, entity or group in question has an obligation under the Norwegian Securities Trading Act to notify the Oslo Stock Exchange and the issuer immediately. The same applies if the disclosure thresholds are passed due to other circumstances, such as a change in the company's share capital.

14.8 Insider Trading

According to Norwegian law, subscription for, purchase, sale or exchange of financial instruments that are listed, or subject to the application for listing, on a Norwegian regulated market, a multilateral trading facility or an organised trading facility, or incitement to such dispositions, must not be undertaken by anyone who has inside information, as defined in the EU Market Abuse Regulation Article 7. The same applies to the entry into, purchase, sale or exchange of options or futures/forward contracts or equivalent rights whose value is connected to such financial instruments or incitement to such dispositions.

14.9 Mandatory Offer Requirement

The Norwegian Securities Trading Act requires any person, entity or consolidated group that becomes the owner of shares representing more than one-third of the voting rights of a Norwegian company listed on a Norwegian regulated market to, within four weeks, make an unconditional general offer for the purchase of the remaining shares in that company. A mandatory offer obligation may also be triggered where a party acquires the right to become the owner of shares that, together with the party's own shareholding, represent more than one-third of the voting rights in the company and the Oslo Stock Exchange decides that this is regarded as an effective acquisition of the shares in question.

The mandatory offer obligation ceases to apply if the person, entity or consolidated group sells the portion of the shares that exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered.

When a mandatory offer obligation is triggered, the person subject to the obligation is required to immediately notify the Oslo Stock Exchange and the company in question accordingly. The notification is required to state whether an offer will be made to acquire the remaining shares in the company or whether a sale will take place. As a rule, a notification to the effect that an offer will be made cannot be retracted. The offer and the offer document required are subject to approval by the Oslo Stock Exchange, in its capacity as Take-over Authority of Norway, before the offer is submitted to the shareholders or made public.

The offer price per share must be at least as high as the highest price paid or agreed to be paid by the offeror for the shares in the six-month period prior to the date the threshold was exceeded. However, if it is clear that the market price was higher when the mandatory offer obligation was triggered, the offer price shall be at least as high as the market price. If the acquirer acquires or agrees to acquire additional shares at a higher price prior to the expiration of the mandatory offer period, the acquirer is obliged to restate its offer at such higher price. A mandatory offer must be in cash or contain a cash alternative at least equivalent to any other consideration offered.

In case of failure to make a mandatory offer or to sell the portion of the shares that exceeds the relevant mandatory offer threshold within four weeks, the Oslo Stock Exchange may force the acquirer to sell the shares exceeding the threshold by public auction. Moreover, a shareholder who fails to make an offer may not, as long as the mandatory offer obligation remains in force, exercise rights in the company, such as voting in a general meeting of the Company's shareholders, without the consent of a majority of the remaining shareholders. The shareholder may, however, exercise his/her/its rights to dividends and pre-emption rights in the event of a share capital increase. If the shareholder neglects his/her/its duty to make a mandatory offer, the Oslo Stock Exchange may impose a cumulative daily fine that accrues until the circumstance has been rectified.

Any person, entity or consolidated group that owns shares representing more than one-third of the votes in a Norwegian company listed on a Norwegian regulated market is obliged to make an offer to purchase the remaining shares of the company (repeated offer obligation) if the person, entity or consolidated Company through acquisition becomes the owner of shares representing 40%, or more of the votes in the company. The same applies correspondingly if the person, entity or consolidated Company through acquisition becomes the owner of shares representing 50% or more of the votes in the company. The mandatory offer obligation ceases to apply if the person, entity or consolidated Company sells the portion of the shares which exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered.

Any person, entity or consolidated Company that has passed any of the above mentioned thresholds in such a way as not to trigger the mandatory bid obligation, and has therefore not previously made an offer for the remaining shares in the company in accordance with the mandatory offer rules is, as a main rule, obliged to make a mandatory offer in the event of a subsequent acquisition of shares in the company.

14.10 Compulsory Acquisition

Pursuant to the Norwegian Public Limited Liability Companies Act and the Norwegian Securities Trading Act, a shareholder who, directly or through subsidiaries, acquires shares representing 90% or more of the total number of issued shares in a Norwegian public limited liability company, as well as 90% or more of the total voting rights, has a right, and each remaining minority shareholder of the company has a right to require such majority shareholder, to effect a compulsory acquisition for cash of the shares not already owned by such majority shareholder. Through such compulsory acquisition the majority shareholder becomes the owner of the remaining shares with immediate effect.

If a shareholder acquires shares representing more than 90% of the total number of issued shares, as well as 90% or more of the total voting rights, through a voluntary offer in accordance with the Norwegian Securities Trading Act, a compulsory acquisition can, subject to the following conditions, be carried out without such shareholder being obliged to make a mandatory offer: (i) the compulsory acquisition is commenced no later than four weeks after the acquisition of shares through the voluntary offer, (ii) the price offered per share is equal to or higher than the offer price would have been in a mandatory offer, and (iii) the settlement is guaranteed by a financial institution authorised to provide such guarantees in Norway.

A majority shareholder who effects a compulsory acquisition is required to offer the minority shareholders a specific price per share, the determination of which is at the discretion of the majority shareholder. However, where the offeror, after making a mandatory or voluntary offer, has acquired more than 90% of the voting shares of a company and a corresponding proportion of the votes that can be cast at the general meeting, and the offeror pursuant to Section 4-25 of the Norwegian Public Limited Liability Companies Act completes a compulsory acquisition of the remaining shares within three months after the expiry of the offer period, it follows from the Norwegian Securities Trading Act that the redemption price shall

be determined on the basis of the offer price for the mandatory/voluntary offer unless specific reasons indicate another price.

Should any minority shareholder not accept the offered price, such minority shareholder may, within a specified deadline of not less than two months, request that the price be set by a Norwegian court. The cost of such court procedure will, as a general rule, be the responsibility of the majority shareholder, and the relevant court will have full discretion in determining the consideration to be paid to the minority shareholder as a result of the compulsory acquisition.

Absent a request for a Norwegian court to set the price, or any other objection to the price being offered in a compulsory acquisition, the minority shareholders would be deemed to have accepted the offered price after the expiry of the specified deadline for raising objections to the price offered in the compulsory acquisition.

14.11 Foreign Exchange Controls

There are currently no foreign exchange control restrictions in Norway that would potentially restrict the payment of dividends to a shareholder outside Norway, and there are currently no restrictions that would affect the right of shareholders of a Norwegian company who are not residents in Norway to dispose of their shares and receive the proceeds from a disposal outside Norway. There is no maximum transferable amount either to or from Norway, although transferring banks are required to submit reports on foreign currency exchange transactions into and out of Norway into a central data register maintained by the Norwegian customs and excise authorities. The Norwegian police, tax authorities, customs and excise authorities, the National Insurance Administration and the Norwegian FSA have electronic access to the data in this register.

15. NORWEGIAN TAXATION

This Section describes certain tax rules in Norway applicable to shareholders who are resident in Norway for tax purposes (“Norwegian Shareholders”) and to shareholders who are not resident in Norway for tax purposes (“Foreign Shareholders”), as well as certain US Federal income tax considerations. The statements herein regarding taxation are based on the laws in force in Norway and the US as of the date of this Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retrospective basis. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Shares. Investors are advised to consult their own tax advisors concerning the overall tax consequences of their ownership of Shares. The statements only apply to shareholders who are beneficial owners of Shares. Please note that for the purpose of the summary below, references to Norwegian Shareholders or Foreign Shareholders refers to the tax residency rather than the nationality of the shareholder.

15.1 Norwegian Shareholders

Taxation of Dividends

Norwegian corporate shareholders (i.e. limited liability companies and similar entities) resident in Norway for tax purposes (“Norwegian Corporate Shareholders”) are subject to the Norwegian tax exemption method. Under the exemption method, only 3% of the dividend income on shares in Norwegian limited liability companies shall be taxed as ordinary income (22% flat rate), implying that such dividends are effectively taxed at a rate of 0.66%. For financial institutions resident in Norway for tax purposes the tax rate for ordinary income is 25%, resulting in an effective tax rate for dividends of 0.75%.

Dividends distributed to Norwegian individual shareholders (i.e. other Norwegian shareholders than Norwegian Corporate Shareholders) (“Norwegian Individual Shareholders” and taken together with Norwegian Corporate Shareholders “Norwegian Shareholders”) are taxable under the “shareholder model”. According to the shareholder model, dividends distributed to individual shareholders are multiplied with a factor of 1.44 before taken to taxation at the ordinary income rate of 22% (resulting in an effective tax rate of 31.68%) to the extent the dividend exceeds a basic tax-free allowance.

The tax-free allowance shall be computed for each individual shareholder on the basis of the cost price of each of the shares multiplied by a risk-free interest rate. The risk-free interest rate will be calculated every income year and is allocated to the shareholder owing the share on 31 December of the relevant income year. Any part of the calculated tax-free allowance one year exceeding the dividend distributed on the share (“Unused Allowance”) may be carried forward and set off against future dividends received on (or gains upon realization of, see below) the same share. Any Unused Allowance will also be added to the basis of computation of the tax-free allowance on the same share the following year.

Norwegian Individual Shareholders may hold the Shares through a Norwegian share saving account (*Nw. aksjesparekonto*). Dividends received on shares held through a share saving account will not be taxed with immediate effect. Instead, withdrawal of funds from the share saving account exceeding the paid in deposit will be regarded as taxable income, regardless of whether the funds are derived from gains or dividends related to the shares held in the account. Such income will be taxed with an effective tax rate of 31.68%. Norwegian Individual Shareholders will still be entitled to a calculated tax-free allowance. Please refer to the Section “Taxation of Capital Gains” below for further information in respect of share saving accounts.

Taxation of Capital Gains

Sale, redemption or other disposal of shares is considered as a realization for Norwegian tax purposes.

Capital gains generated by Norwegian Corporate Shareholders through a realisation of shares in Norwegian limited liability companies are subject to the Norwegian tax exemption method and therefore tax exempt. Net losses from realisation of shares and costs incurred in connection with the purchase and realisation of such shares are not tax deductible for Norwegian Corporate Shareholders.

Norwegian Individual Shareholders are taxable in Norway for capital gains on the realization of shares, and have a corresponding right to deduct losses. This applies irrespective of how long the shares have been owned by the individual shareholder and irrespective of how many shares that are realized. Gains are taxable as ordinary income in the year of realization, and losses can be deducted from ordinary income in the year of realization. Any gains or losses are also multiplied with a factor of 1.44 before taken to taxation at the tax rate for ordinary income of 22% (resulting in an effective tax rate of 31.68%). Under current tax rules, gain or loss is calculated per share, as the difference between the consideration received and the tax value of the share. The tax value of each share is based on the individual shareholder’s purchase price for the share. Costs incurred in connection with the acquisition or realization of the shares may be deducted in the year of sale. Unused tax-free allowance connected to a share may be deducted from a capital gain on the same share, but may not

lead to or increase a deductible loss. Further, unused tax-free allowance related to a share may not be set off against gains from realization of other shares.

If Norwegian Shareholders realizes shares acquired at different point of time, the shares that were first acquired will be deemed as first sold (the “first in first out”-principle) upon calculating taxable gain or loss.

Gains derived from the realisation of shares held through a share saving account will be exempt from immediate Norwegian tax and losses will not be tax deductible. Instead, withdrawal of funds from the share saving account exceeding the Norwegian Individual Shareholder's paid in deposit, will be regarded as taxable income, subject to tax at an effective tax rate of 31.68%. Norwegian Individual Shareholders will be entitled to a calculated tax-free allowance provided that such allowance has not already been used to reduce taxable dividend income (please see Section “Taxation of Dividends” above). The tax-free allowance is calculated based on the lowest paid in deposit in the account during the income year, plus any unused tax-free allowance from previous years. The tax-free allowance can only be deducted in order to reduce taxable income, and cannot increase or produce a deductible loss. Any excess allowance may be carried forward and set off against future withdrawals from the account or future dividends received on shares held through the account.

A shareholder who ceases to be tax resident in Norway due to domestic law or tax treaty provisions may become subject to Norwegian exit taxation of capital gains related to shares in certain circumstances

Net Wealth Tax

The value of shares is taken into account for net wealth tax purposes in Norway. The marginal tax rate is currently 0.85%. Norwegian limited liability companies and similar entities are exempted from net wealth tax.

Shares listed on the Oslo Stock Exchange are valued at 55% of the quoted value at 1 January in the assessment year. The value of debt allocated to the shares for Norwegian wealth tax purposes is reduced correspondingly (i.e. to 55%).

Norwegian Corporate Shareholders are not subject to net wealth tax.

VAT and Transfer Taxes

No VAT, stamp duty or similar duties are currently imposed in Norway on the transfer or issuance of shares.

Inheritance Tax

A transfer of shares through inheritance or as a gift does not give rise to inheritance or gift tax in Norway.

15.2 Non-Resident Shareholders

Taxation of Dividends

Dividends paid from a Norwegian limited liability company to shareholders that are not resident in Norway for tax purposes (“**Foreign Shareholders**”) are subject to Norwegian withholding tax at a rate of 25% unless the recipient qualifies for a reduced rate according to an applicable tax treaty or other specific regulations. Norway has entered into tax treaties with a number of countries and withholding tax is normally set at 15% under these treaties. The shareholder's home country may give credit for the Norwegian withholding tax imposed on the dividend.

Foreign corporate shareholders (i.e. limited liability companies and similar entities) (“**Foreign Corporate Shareholders**”) which are genuinely established and carry out genuine economic activities within the EEA are not subject to Norwegian withholding tax.

Dividends paid to foreign individual shareholders (i.e. other shareholders than Foreign Corporate Shareholders) (“**Foreign Individual Shareholders**”) are as the main rule subject to Norwegian withholding tax at a rate of 25%, unless a lower rate has been agreed in an applicable tax treaty. If the individual shareholder is resident within the EEA, the shareholder may apply to the tax authorities for a refund of an amount corresponding to the calculated tax-free allowance on each individual share, see Section “Taxation of Dividends” above. However, the deduction for the tax-free allowance does not apply in the event that the withholding tax rate, pursuant to an applicable tax treaty, leads to a lower taxation on the dividends than the withholding tax rate of 25% less the tax-free allowance.

Foreign Individual Shareholders resident in the EEA for tax purposes may hold the Shares through a Norwegian share saving account (*Nw. aksjesparekonto*). Dividends received on Shares held through a share saving account by Foreign Individual Shareholders resident in the EEA will not be taxed with immediate effect. Instead, withdrawal of funds from the share saving account exceeding the Non-Norwegian Personal Shareholder's paid in deposit, will be subject to withholding tax at a rate of 25% (unless reduced pursuant to an applicable tax treaty). Capital gains realised upon realisation of shares held through the share saving account are proposed regarded as paid in deposits, which may be withdrawn without taxation.

Losses will correspondingly be deducted from the paid in deposit, reducing the amount which can be withdrawn without withholding tax. The Government has announced that the proposed rules may be subject to changes.

In accordance with the present administrative system in Norway, the withholding obligation lies with the company distributing the dividends and the Company assumes this obligation. A Foreign Shareholder that is entitled to an exemption from or reduction of withholding tax on dividends, may request that the exemption or reduction is applied at source by the distributing company. Such request must be accompanied by satisfactory documentation which supports that such Foreign Shareholder is entitled to a reduced withholding tax rate. Please refer to the tax authorities' web page for more information about the requirements: <https://www.skatteetaten.no/en/business-and-organisation/start-and-run/rutiner-regnskap-og-kassasystem/lonn-lan-og-utbytte/dividends-from-norwegian-companies-to-foreign-shareholders---documentation-requirements-for-reduced-withholding-tax-rate/>.

The supplier of the account will have the obligation to deduct and report withholding tax on shares held through a saving account.

Foreign Shareholders should consult their own advisers regarding the availability of treaty benefits in respect of dividend payments.

Taxation of Capital Gains

Gains from realisation of shares by Foreign Shareholders will not be subject to tax in Norway unless the Foreign Shareholders are holding the shares in connection with business activities carried out or managed from Norway. Such taxation may be limited according to an applicable tax treaty or other specific regulations.

Please refer to Section "Taxation of Dividends" above for a description of the availability of a Norwegian share saving accounts.

Net Wealth Tax

Foreign Shareholders are not subject to Norwegian net wealth tax with respect to the Shares, unless the Foreign Shareholder is an individual, and the shareholding is effectively connected with a business which the shareholder takes part in or carries out in Norway. Such taxation may be limited according to an applicable tax treaty.

15.3 Transfer Taxes etc.; VAT

No transfer taxes, stamp duty or similar taxes are currently imposed in Norway on purchase, issuance, disposal or redemption of shares. Further, there is no VAT on transfer of shares.

16. DOCUMENTS ON DISPLAY

Documents on Display

For twelve months from the date of this Prospectus, copies of the following documents will be available for inspection at the Company's registered office during normal business hours from Monday through Friday each week (except public holidays) and at the Company's website <https://salmonevolution.no>:

- The Articles of Association of the Company.
- All reports, letters, and other documents, historical financial information, valuations and statements prepared by any expert at the Company's request any part of which is included or referred to in the Prospectus.
- The audited, consolidated financial statements for Salmon Evolution ASA¹¹ for the year ended 2020.
- The audited financial statements of Salmon Evolution Norway AS for the years ended 2018 and 2019.
- This Prospectus.

¹¹ The Company was incorporated under the name Salmon Evolution Holding AS, but changed its name to Salmon Evolution Holding ASA in March 2021 in connection with the conversion into a public limited company and subsequently changed its name to Salmon Evolution ASA in May 2021.

17. ADDITIONAL INFORMATION

17.1 Independent Auditors

Since its incorporation, the Company's independent auditors has been BDO AS (business registration number 993 606 650) which has its registered address at Munkedamsveien 45 A, 0250 Oslo, Norway.

Except for the Company's financial statements covering the period starting on the date of the Company's incorporation on 3 July 2020 and ending 31 July 2020, BDO, has not audited, reviewed or produced any report on any other information in this Prospectus regarding the Company. BDO's audit report for the Company's financial statements expressed an unqualified opinion.

Additionally, Salmon Evolution Norway AS¹² (i) audited financial statements for the financial year ended 31 December 2020, with comparable figures for 2019, prepared in accordance with IRFS, and (ii) unaudited interim financial statements for the 3 months ended 31 March 2021, prepared in accordance with IAS 34, are included in this Prospectus. Salmon Evolution Norway AS' 2019 financial statements have also been audited by BDO.

17.2 Legal Advisors

Advokatfirmaet BAHR AS is acting as legal adviser (as to Norwegian law) to the Company in connection with the Listing.

17.3 VPS Registrar

The Company's VPS registrar is DNB Bank ASA (business registration number 984 851 006) which has their registered address at Dronning Eufemias gate 30, 0191 Oslo, Norway.

¹² Previously named Salmon Evolution AS.

18. DEFINITIONS

Capitalised terms used throughout this Prospectus shall have the meaning ascribed to such terms as set out below, unless the context requires otherwise.

2020 Financial Statements	The audited, consolidated financial statements for the Group for the year ended 2020, with comparable 2019 figures, prepared in accordance with IFRS as approved by EU
2019 Financial Statements	The audited, financial statements for SENAS for the year ended 2019, with comparable 2018 figures, prepared in accordance with IFRS as approved by EU
Anti-Money Laundering Legislation	The Norwegian Money Laundering Act of 1 June 2018 no. 23 and the Norwegian Money Laundering Regulation of 14 September 2018 no. 1324, taken together
Articles of Association	The Company's Articles of Association
APMs	Alternative Performance Measures
Board of Directors.....	The Company's board of directors
Board Member	Each of the members of the Board of Directors
CAPEX.....	Capital expenses, i.e. the cash used by the Company for investing activities
COD	Commercial operation date
Company.....	Salmon Evolution ASA
Construction Contract	The Group's contract with Artec Aqua, for the construction of First Phase.
Construction facility	A NOK 525 million senior secured credit facility for the purpose of financing the construction CAPEX for Indre Harøy First Phase
Construction Phases.....	The First Phase, the Second Phase and the Third Phase together
Dongwon Industries	Dongwon Industries Co., Ltd
EBIT	EBIT is defined as earnings before interest and taxes
EBITDA	Earnings before interest, taxes, depreciation and amortisation
Eksfin	Export Finance Norway
Enova	ENOVA SF
EPS	Earnings per share
EU Prospectus Regulation	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 20014/71/EC.
Euronext VPS	The Norwegian Central Securities Depository (<i>Nw. Verdipapirsentralen</i>)
Exclusivity Agreement	The exclusivity agreement with Artec Aqua
Executive Management	The members of the Company's Executive Management.
Facility.....	The Company's land-based salmon farming premises and equipment, made up of the First Phase which currently is under construction, and Second Phase and Third Phase which are yet to be constructed, for the production in due time of up to 13,300 metric tons of maximum allowed biomass on Indre Harøy in Hustadvika municipality, and which is estimated to give an annual production capacity of 31,500 metric tons HOG.
First Phase	The first phase of the construction of the Facility (started in Q2 2020 and is scheduled to be completed in Q4 2022)
Foreign Corporate Shareholders.....	Foreign corporate shareholders (i.e. limited liability companies and similar).
Foreign Individual Shareholders.....	Foreign individual shareholders (i.e. other foreign shareholders than Foreign Corporate Shareholders).
Foreign Shareholders	Shareholders who are not resident in Norway for tax purposes
Forward-looking Statements.....	Has the meaning ascribed to it in Section 4.3 "Cautionary Note Regarding Forward-Looking Statements"
FSMA	The Financial Services and Markets Act 2000.
FTEs	Full-time equivalents
Group	The Company together with its subsidiaries.
HFS	Hybrid flow-through system technology
HOG	Head-on gutted
IFRS.....	International Financial Reporting Standards as adopted by the EU.

IN Loan.....	The NOK 140 million senior secured long term facility with Innovation Norway
Interim Financial Statements.....	The consolidated financial statements for the Group for the three month period ended 31 March 2021, with comparable figures, prepared in accordance with IAS 34 Interim Financial Reporting, and which has been subject to a limited review by BDO
JV.....	The joint-venture entered into with Dongwon Industries
JV Agreement.....	The joint-venture agreement entered into with Dongwon Industries.
K Smart	K Smart Farming Co., Ltd
Lenders	Nordea, Sparebanken Vest and Innovation Norway
Listing.....	The listing of Shares in the Company
LWE	Live weight
MAB	Maximum allowed biomass
MAR	The EU Market Abuse Regulation
Management	The members of the senior management of the Company
MiFID II.....	EU Directive 2014/65/EU on markets in financial instruments, as amended
MiFID II Product Governance Requirements	MiFID II, Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures, together.
MoU	Memorandum of Understanding
M&A	Merger and acquisition
Non-Norwegian Shareholders	Shareholders who are not resident in Norway for tax purposes.
NOK 625 Million Loan Facility Agreements	A senior secured NOK 625 million debt financing relating to First Phase with Nordea Bank Abp, filial i Norge as agent, Sparebanken Vest as co-lender and Innovation Norway
Norwegian Code of Practice	The Norwegian Corporate Governance Code of 17 October 2018.
Norwegian Corporate Shareholders	Norwegian corporate shareholders (i.e. limited liability companies and similar).
Norwegian FSA.....	The Norwegian Financial Supervisory Authority (<i>Nw. Finanstilsynet</i>)
Norwegian Individual Shareholders	Norwegian individual shareholders (i.e. other Norwegian shareholders than Norwegian corporate shareholders).
Norwegian Securities Trading Act.....	The Norwegian Securities Trading Act of 29 2007 no. 75, as amended.
Norwegian Shareholders.....	Norwegian Corporate Shareholders taken together with Norwegian Individual Shareholders.
Order.....	The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005
Oslo Stock Exchange	Oslo Børs (a stock exchange operated by Oslo Børs ASA), or as the case may be, Euronext Expand (a regulated market place operated by Oslo Børs ASA).
p.a.....	per annum.
Prospectus.....	This prospectus dated 7 July 2021.
Regulation S.....	Regulation S of the U.S. Securities Act.
Relevant Member State.....	Each member state of the EEA which has implemented the EU Prospectus Regulation.
SE Asia	Salmon Evolution Asia AS
SENAS	Salmon Evolution Norway AS, the Company's wholly owned subsidiary - previously named Salmon Evolution AS.
SEC	U.S. Securities and Exchange Commission
Second phase	The second phase of the construction (scheduled to begin in 2022 and to be completed in 2024)
Shares.....	The shares of the Company, each with a nominal value of NOK 0,05.
U.S. Securities Act	The United States Securities Act of 1933, as amended.
Target Market Assessment	the product approval process the Shares have been subject to, which has determined that the Shares are: (i) compatible with an end target market of (a) retail investors in Norway, (b) investors who meet the criteria of professional clients and (c) eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II.
Third phase	The third phase of the construction (scheduled to begin in 2024 and completed in 2028)
Unused Allowance.....	Any part of the calculated tax-free allowance one year exceeding the dividend distributed on the share.
Volnay.....	Volnay Limited

W&I..... Warranties and indemnity insurance

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APPENDIX A - FINANCIAL STATEMENTS



Extending the ocean potential

Q1 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 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
- Company converted to ASA and preparing for listing at Oslo Stock Exchange (main list) in Q3 2021
- Fully funded for existing 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
- Formalized K Smart joint venture with Dongwon Industries for 16,800 tons facility in South Korea
- Strong interest from Norwegian, Nordic and international investors in successful private placement of NOK 500 million in March
- Converted to ASA - Process for up-listing to Oslo Stock Exchange main list started – expected Q3 2021
- Available cash of NOK 1,015 million (NOK 3.35 per share) on 31 March 2021

Subsequent events

- Signed committed term sheet for NOK 625 million bank debt financing package with Nordea, Sparebanken Vest and GIEK on very competitive terms, securing a fully funded platform for Indre Harøy Phase 1 and equity commitment for K Smart
- Appointed Odd Frode Roaldsnes as Head of Asia to work with Dongwon partnership and expansion opportunities in this high growth region

Key figures

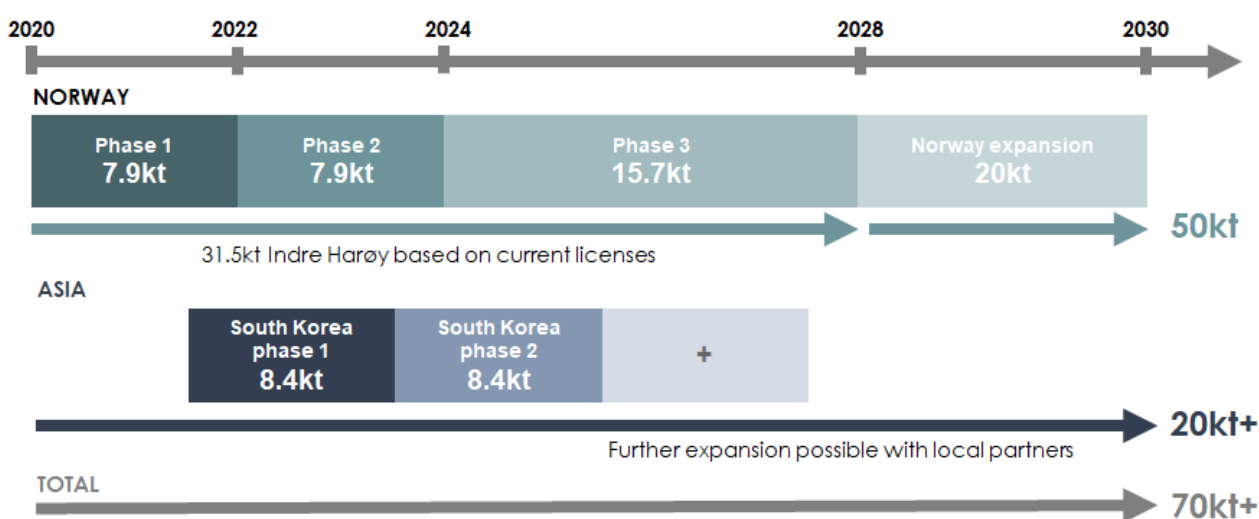
(figures in NOK 1000)	Q1 2021	Q1 2020	2020
IFRS main figures			
Operating Revenues	0	30	704
EBITDA	-6 271	-2 832	-17 126
EBIT	-6 634	-2 899	-17 676
Profit / (loss) before taxes	-5 581	-2 907	-16 826
Cash flow from investment activities	-104 608	-10 213	-165 961
Cash flow from financing activities	479 609	0	802 664
Net cash flow	367 292	-14 395	626 682
Available cash	1 015 098	6 729	647 806
Available cash per share	3,35		
Net Interest-bearing liabilities	-972 451		
Total assets	1 377 015		
Equity	1 262 097		
Equity ratio	92 %		

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 Norway, the company has international ambitions. Through utilisation of technology, competence and experience from

domestic projects, Salmon Evolution aim 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



Signed JV with Dongwon Industries for a South Korean expansion

The company has entered into a joint venture with the South Korean seafood giant Dongwon Industries 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 will be 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 will be split in milestone driven tranches, reflecting the overall progress of the project. Salmon Evolution executed its first tranche of about NOK 27.5 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 purposes.



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 north east 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.

Project review

Status - Indre Harøy

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

The main contractor, Artec Aqua, has entered into agreements with subcontractors who are currently working on site.

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 and will continue in the coming quarters. Tunnel for wastewater was successfully finished in December.

Construction work through the first quarter 2021 has mainly been on the production facilities,

where the company has started the assembly of fish-tanks.

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

Currently some 100 workers are working on site. As workload increase the number of workers on site will increase going forward and is expected to peak at around 200 people during summer 2021.

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 has started (April 2021)



Photo: Salmon Evolution

Milestones

Following the ongoing groundworks, 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	- Land acquisition	~7,900t HOG	NOK 1.2 bn*	NOK 40.8
	- Building of foundations			
	- Construction of 12 grow-out tanks			
Phase 2	- Construction of additional 12 grow-out tanks	~7,900t HOG	NOK 1.2 bn**	NOK 38.6
Phase 3	- Construction of additional 24 grow-out tanks	~15,700t HOG	NOK 2.1 bn	NOK 36.1
	- Construction of 4 holding tanks			
	- Construction of intake station			
Total		~31,500t HOG	NOK 4.5 bn	NOK 36.1

* 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. 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 31 March, total capital expenditure amounts to NOK 307 million¹, representing some 24% of total capital expenditure of about NOK 1.3 billion.

Capex overview Indre Harøy Phase 1¹⁾

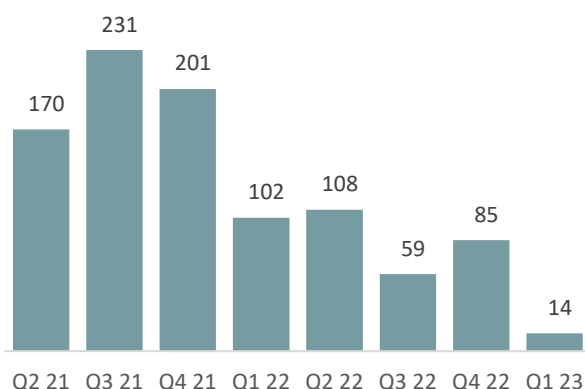
	NOKm	%
Paid per 31.03.21	307	24 %
<i>Distribution</i>		
2019	19	2 %
2020	177	14 %
2021	110	9 %
Remaining payment	969	76 %
<i>Distribution</i>		
2021	519	41 %
2022	426	33 %
2023	24	2 %

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) ¹⁾

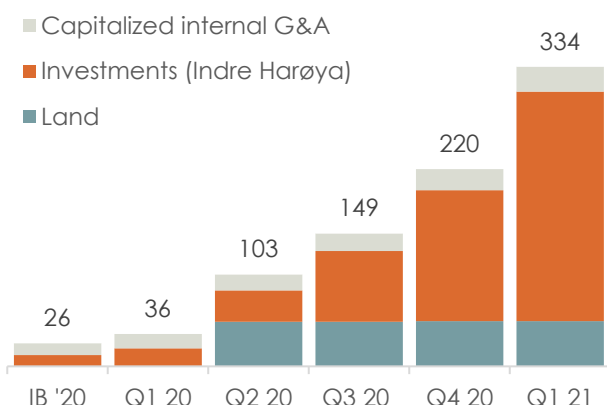


Source: Company data
 1) Net of grants directly tied to capital expenditure and exclusive of internal capitalized G&A costs.

Capital Expenditures

Total capital expenditures during the first quarter amounted to NOK 114.1 million, of which NOK 109.9 million were investments related to the turnkey project with Artec Aqua and NOK 4.3 million was capitalized personnel and shared cost.

Accumulated CAPEX (NOK million)



Source: Company data

As per 31 March 2021, accumulated capex from project initiation in 2019 amounts to NOK 334 million.

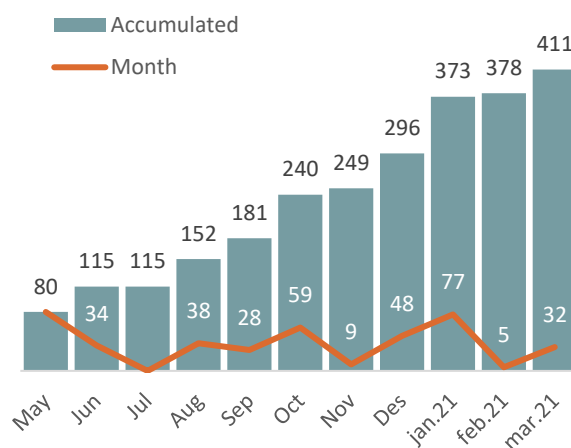
In May 2020, Salmon Evolution acquired necessary land for development and construction of the operations at Indre Harøy. Capex related to land investments accounts for approximately 15% of the total incurred capex.

Financial obligations

The turnkey project agreement with Artec Aqua includes a clause for financing reservations until further financing is secured. This means that Artec Aqua as main contractor cannot enter agreements with subcontractors until the financial reservation for the specific contract is related.

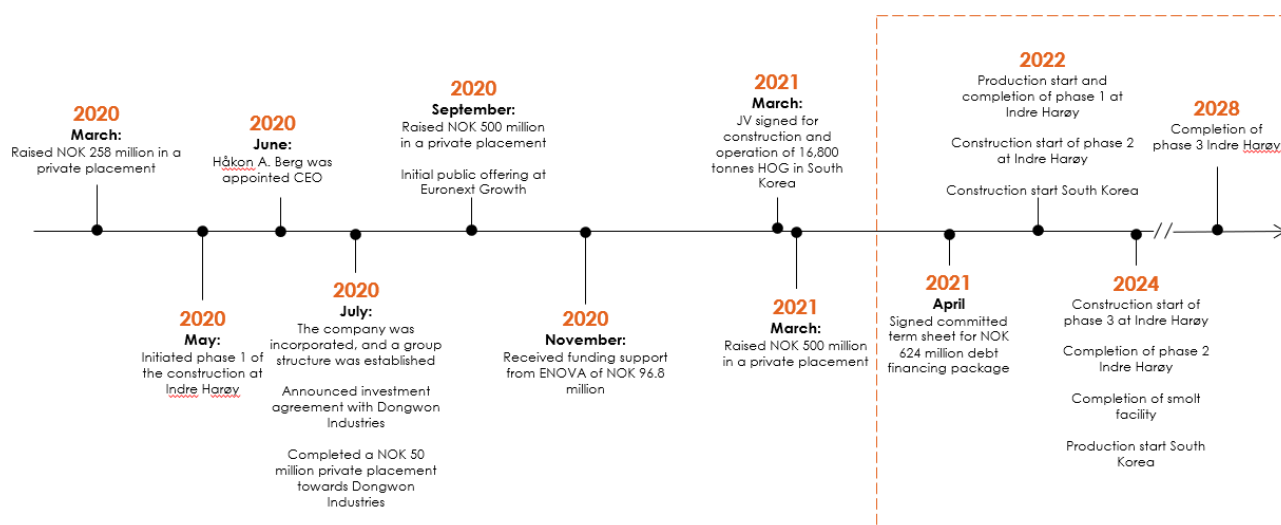
In first quarter, the company committed contracts with subcontractors of approximately NOK 114 million. These commitments consist of contracts and deliveries including concrete elements, energy installation- and plant and fish-feeding system.

Financial capex commitments (NOK million)



Source: Company data

Project timeline



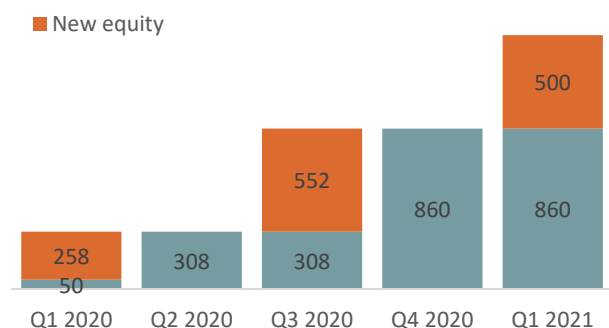
Source: Salmon Evolution

Funding

During 2020, and further into first quarter of 2021, the company secured both equity and debt financing and is continuously seeking to optimize the 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

As of 31 March 2021, Salmon Evolution had available cash and cash equivalents amounting to NOK 1,015 million.

On 16 April 2021, the Company announced that it had entered a committed term sheet (the "Term Sheet") with Nordea as agent and Sparebanken Vest as co-lender (jointly the "Lenders") 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 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 the Lenders (the "Term Loan Facility")
 - NOK 140 million in a separate long-term loan facility with a third-party lender (the "Third-Party Loan"). The Third-Party Loan will be subject to a coordination agreement with the Lenders and the

Company has a separate process ongoing to secure and finalize this facility

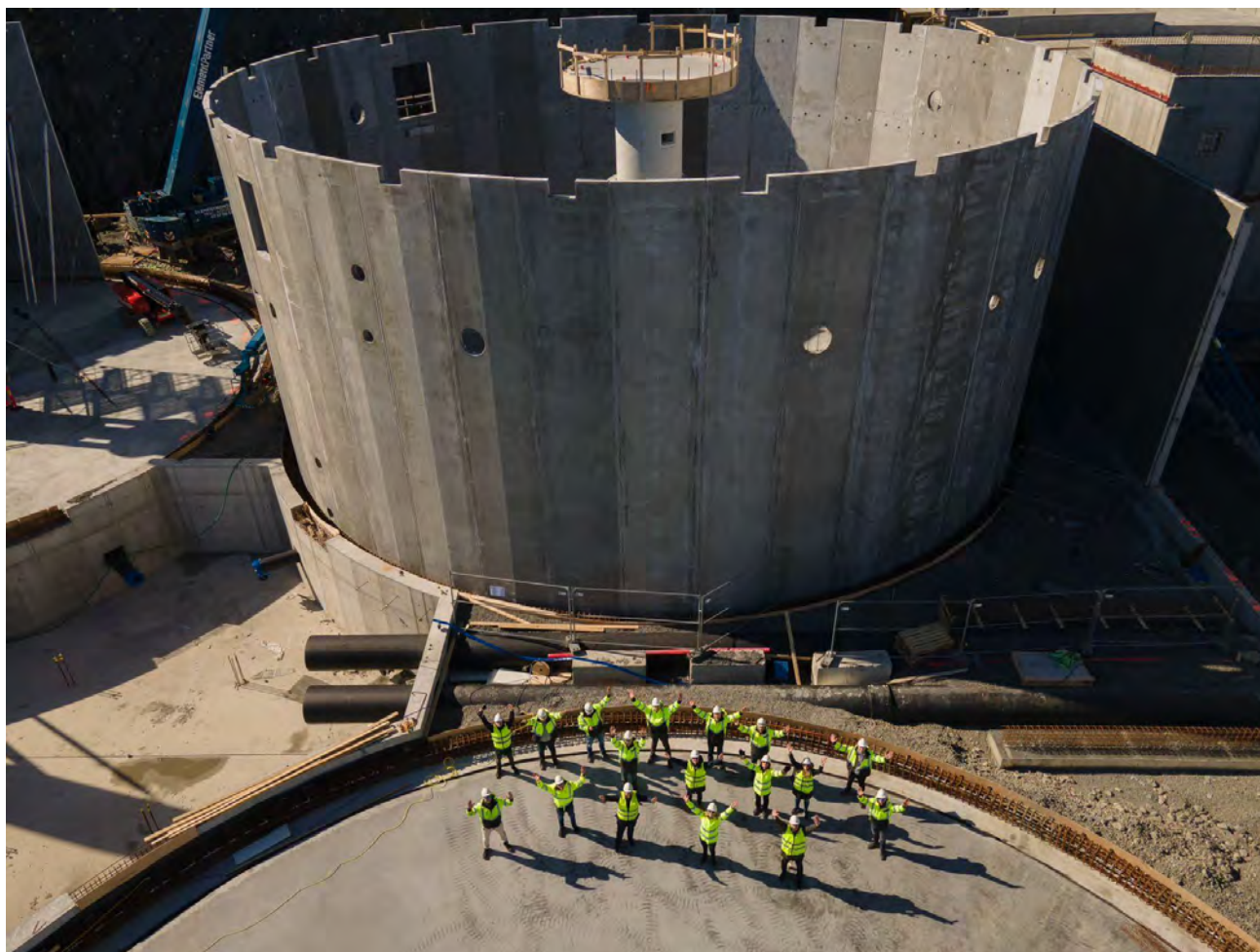
- NOK 100 million senior secured overdraft facility (the "Overdraft Facility") which will be used for working capital purposes, hereunder financing of biomass and receivables

The Construction Facility and the Term Loan Facility is partly guaranteed by the Norwegian Export Credit Guarantee Agency ("GIEK"). The Term Loan Facility will be repaid over a 15-year profile and have a 3-year term from completion

of Indre Harøy phase 1 with 2x1 year extension options.

Credit committee approvals have been undertaken by both the Lenders and GIEK and the debt financing package is further subject to customary conditions precedent, including due diligence and finalization and signing of legally binding documentation.

The Company expects closing of the respective facilities during Q2 2021.

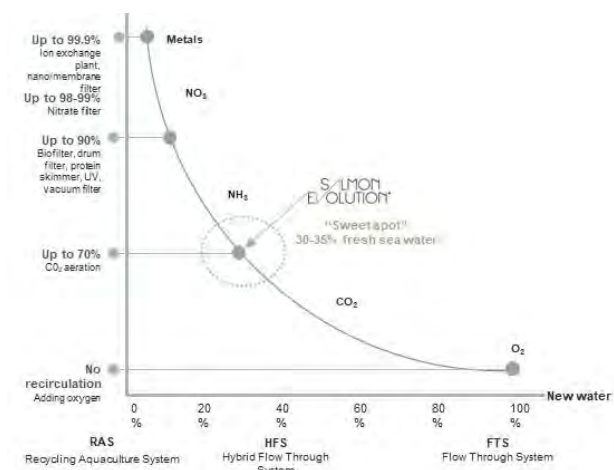


Extending the ocean potential

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.

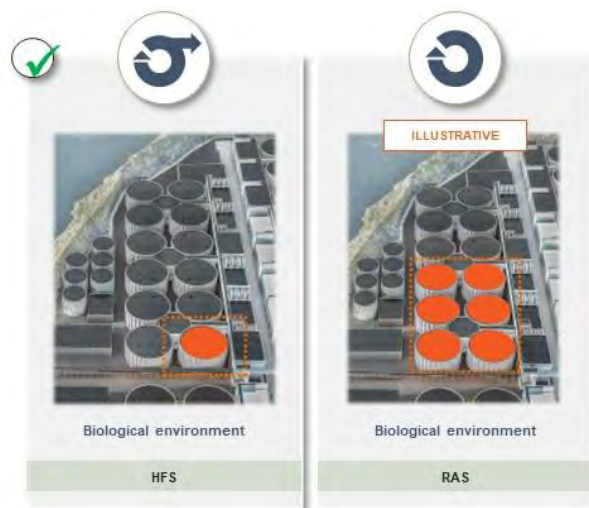
At Indre Harøy the seawater intake is based on two intake pipes at 25 meters and 90 meters, respectively, enabling the company to tap into ideally tempered water and hence reducing

energy costs in connection with the heating of seawater.

The water intake 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)	Q1 2021	Q1 2020	2020
Total operating income	0	30	704
Personnel expenses	-2 725	-1 108	-8 877
Depreciations	-363	-67	-550
Other operating expenses	-3 546	-1 754	-8 954
Operating profit (EBIT)	-6 634	-2 899	-17 676
Financial income	1 233	0	1 114
Financial expenses	-179	-8	-263
Financial expense - net	1 053	-8	850
Profit/loss before tax	-5 581	-2 907	-16 826
Income tax expense	0	0	0
Profit/loss for the period	-5 581	-2 907	-16 826

Q1 2021 results

Personnel expenses for the quarter totalled NOK 2.7 million. During the quarter approx. 55% of the total personnel expenses were capitalized.

Other operating expenses totalled to NOK 3.5 million during the quarter and consisted mainly of consultancy and legal fees and other

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

Loss for the period was NOK 5.6 million in the first quarter in 2021.

Cash flow

Consolidated net cash flow from operating activities was NOK -7.7 million in the first quarter.

Net cash flow from investing activities was NOK -104.6 million during the quarter. Investments are related to the increasing activity at the facility at Indre Harøy, and will gradually increase as the extent of the project increases going forward.

Cash flow from financing activities during the quarter was positive by NOK 479.6 million. This

includes proceeds from the successful NOK 500 million private placement that was completed in March, less transaction cost relating to this transaction.

Total net cash flow during quarter was NOK 367.2 million. The level of free liquidity at the end of the period was strong, with available cash and cash equivalents totalling NOK 1015.1 million.

Cash flow summary

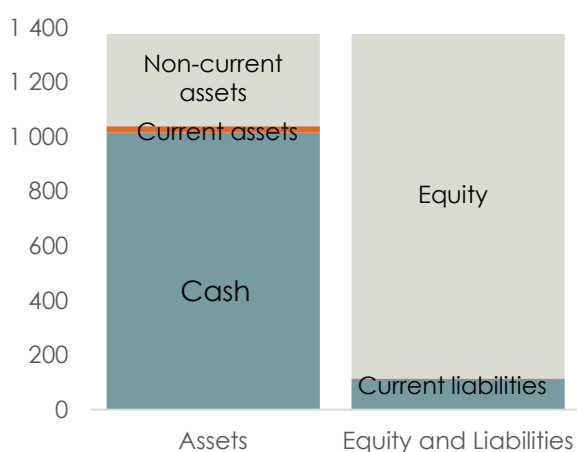
(figures in NOK 1000)

	Q1 2021	Q1 2020	2020
Net cash flow from operating activities	-7 709	-4 182	-10 021
Net cash flow from investments activities	-104 608	-10 213	-165 961
Net cash flow from financing activities	479 609	0	802 664
Net change in cash and cash equivalents	367 292	-14 395	626 682
Cash and cash equivalents at start of period	647 806	21 124	21 124
Cash and cash equivalents at end of period	1 015 098	6 729	647 806

Financial position

The carrying amount of Salmon Evolution's total fixed assets at 31 March 2021 was NOK 337.8 million, compared to NOK 36.7 million at 31 March 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 1,262.1 million. With total assets of NOK 1,377.0 million, this corresponds to an equity ratio of 92%. Consolidated non-interest-bearing liabilities totalled NOK 72.3 million

Balance sheet as per 31.03.2021 (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 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.

The company currently has bank debt of NOK 40 million which will be refinanced by the new debt financing package as described under the "Funding" section above.

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. The company has not registered any infection among the company's employees or contracted workers.

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

The construction work currently involves 14 partners and suppliers with approximately 100 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, Salmon Evolution has had a significant volume of transactions in the first quarter related

to the ongoing construction of the production facilities at Indre Harøy. Artec Aqua 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.

Share information

Salmon Evolution was successfully listed on Merkur Market (now Euronext Growth) 19 September 2020. Per 31 March 2021, Salmon Evolution Holding ASA had 303.06 million issued shares, divided between 4,101 shareholders.

Ronja Capital 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 67.1% of the shares in the company.

The closing price for the company's share was NOK 6.04 per share as per 31 March, which corresponds to a market capitalization of NOK 1.8 billion.

During the quarter the average daily, traded volume was about 758,000 shares and the average daily traded value was about NOK 5.1 million.

20 largest shareholders 31 March 2021

Shareholder	# of shares	% share
Ronja Capital II AS	26 687 687	8,8 %
Romsdalsfisk AS	21 089 339	7,0 %
The Bank of New York Mellon SA/NV	19 910 027	6,6 %
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	12 305 528	4,1 %
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 %
Verdipapirfondet Norge Selektiv	5 776 133	1,9 %
Vpof Dnb Am Norske Aksjer	4 986 106	1,6 %
The Bank of New York Mellon SA/NV	4 750 000	1,6 %
Skandinaviska Enskilda Banken AB	3 817 295	1,3 %
Salmoserve AS	3 727 366	1,2 %
Svemorka Holding AS	3 350 000	1,1 %
Danske Invest Norge Vekst	3 150 000	1,0 %
Småge Eiendom AS	3 033 333	1,0 %
Møring AS	2 666 666	0,9 %
Total 20 largest shareholders	203 282 793	67,1 %
Other shareholders	99 781 628	32,9 %
Total number of shares	303 064 421	100,0 %

Outlook

Salmon Evolution was founded with an ambition to solve some of the most fundamental challenges in the salmon farming industry. With the assembly of the first fish tank started in March this year, the magnitude of the company's facility at Indre Harøy has become visible.

Salmon Evolution is now under one year away from releasing the first smolt into the fish tanks and just over 1.5 year away from its first harvest. Preparations for production start are well underway and the company will over the coming quarters devote significant resources in building internal systems and infrastructure so that operating procedures are comfortable in place ahead of the production start.

As of today, the organization counts 17 employees, but this will increase significantly

over the next quarters with the recruitment of operating personnel.

The joint venture with Dongwon Industries represents a massive opportunity for Salmon Evolution to leverage its human capital and build on the experiences from Indre Harøy as well as securing the company a very tangible pipeline for the coming years.

South Korea is a highly attractive and fast-growing market for fresh Atlantic Salmon and landing such a landmark project with a first-class partner like Dongwon Industries, is a solid testament to all stakeholders of Salmon Evolution.

In March 2021, the company successfully raised NOK 500 million in equity through a private

placement towards existing and new shareholders. The placement was significantly oversubscribed and attracted strong interest in the market.

Further in April, the company announced the signing of a committed term sheet for a debt financing package of NOK 625m with Nordea and Sparebanken Vest and partially guaranteed by GIEK.

The NOK 500 million equity issue together with the debt financing package provides Salmon Evolution with a solid financial platform and ensures that the company is fully funded for both Indre Harøy Phase 1 and the investment in Korea.

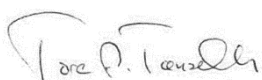
The salmon price has seen a remarkable recovery over the last months and is currently back at historically high levels. Although several countries have started opening society again following the successful rollout of Covid-19 vaccines, Salmon Evolution sees the strong price

development as a solid demonstration of the underlying strength of the salmon market.

Further increase in salmon demand following a continued normalization of societies around the world coupled with limited growth in supply in the near to medium term, makes the Board optimistic as to the future development of the salmon market.

Although there are many land-based salmon farming projects under planning, the Board notes that the sentiment in the capital market has eased somewhat over the last months. Going forward there is reason to believe that access to financing will be an issue for many of these projects, both when it comes to equity and debt. Accordingly, the board sees limited growth from land-based salmon the next couple of years and thus believe Salmon Evolution is uniquely positioned to take a global frontrunner position in the future development of land-based salmon farming.


The Board of Directors of Salmon Evolution Holding ASA
Aalesund/Molde 19 May 2021




Tore Tønseth
Chair



Kristofer Reiten
Director



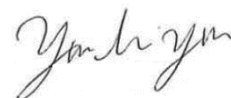
Anne Breiby
Director



Ingvild Vartdal
Director



Peder Stette
Director



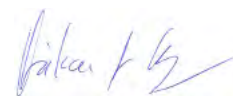
Kiyun Yun
Director



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)	Q1 2021	Q1 2020	2020
Total operating income	0	30	704
Personnel expenses	-2 725	-1 108	-8 877
Depreciations	-363	-67	-550
Other operating expenses	-3 546	-1 754	-8 954
Operating profit (EBIT)	-6 634	-2 899	-17 676
Financial income	1 233	0	1 114
Financial expenses	-179	-8	-263
Financial expense - net	1 053	-8	850
Profit/loss before tax	-5 581	-2 907	-16 826
Income tax expense	0	0	0
Profit/loss for the period	-5 581	-2 907	-16 826
Basic earnings per share (NOK)	-0,02	-0,10	-0,13
Diluted earnings per share (NOK)	-0,02	-0,10	-0,13

Statement of Comprehensive Income

Profit/(loss) for the period	-5 581	-2 907	-16 826
Total comprehensive income for the period	-5 581	-2 907	-16 826

Statements of financial position

(figures in NOK 1000)	31 March 2021	31 March 2020	31 Dec 2020
Assets			
Intangible assets	796	0	432
Assets under construction	333 964	35 744	219 926
Property, plant & equipment	474	352	331
Right-of-use assets	2 603	588	1 678
Total non-current assets	337 837	36 683	222 367
Other current receivables	24 079	1 304	22 638
Cash and cash equivalents	1 015 098	6 729	647 806
Total current assets	1 039 177	8 033	670 444
Total assets	1 377 015	44 716	892 810
Equity and liabilities			
Share capital	15 153	1 500	10 987
Share premium	1 279 393	49 500	804 369
Other reserves	2 974	780	2 974
Other equity	520		520
Uncovered losses	-35 944	-16 488	-30 407
Total equity	1 262 097	35 291	788 442
Long-term interest-bearing debt	0	1 500	0
Lease liabilities - long term	1 226	126	933
Total non-current liabilities	1 226	1 626	933
Short-term interest-bearing debt	40 000	0	40 000
Trade payables	63 820	5 813	60 104
Social security and other taxes	1 130	619	1 144
Lease liabilities - short term	1 421	399	696
Other current liabilities	7 321	967	1 491
Total current liabilities	113 692	7 800	103 435
Total liabilities	114 918	9 425	104 368
Total equity and liabilities	1 377 015	44 716	892 810

Statement of cash flow

(figures in NOK 1000)	Q1 2021	Q1 2020	2020
Cash flow from operations			
Profit before income taxes	-5 581	-2 907	-16 826
Adjustments for:			
Depreciation	-363	15	550
Net interest	-1 200	1	-850
Share based payment expenses	0	0	2 714
Gain on lease modification	0	0	-7
Changes in working capital:			
Change in other current receivables	122	164	-20
Change in trade payables	-1 102	-2 588	2 695
Change in social security and other taxes	-1 572	1 129	345
Change in other current liabilities	788	5	528
Cash generated from operations	-8 908	-4 182	-10 871
Interest paid	-33	-1	-263
Interest received	1 233	0	1 114
Net cash flow from operations	-7 709	-4 182	-10 021
Cash flow from investment activities			
Payments for fixed assets and other capitalizations	-114 224	-10 213	-165 529
Payments for intangible assets	-364	0	-432
Change in trade payables investments	4 818		
Change in other current liabilities	5 163		
Net cash flow from investment activities	-104 608	-10 213	-165 961
Cash flow from financing activities			
Proceeds from issue of equity	479 192	0	764 355
Proceeds from new borrowings	0	0	40 000
Repayment of borrowings	0	0	-1 500
Repayment of lease liabilities	417	0	-191
Net cash flow from financing activities	479 609	0	802 664
Net change in cash and cash equivalents	367 292	-14 395	626 682
Cash and cash equ. at the beginning of the period	647 806	21 124	21 124
Cash and cash equ. at the end of the period	1 015 098	6 729	647 806

Statement of Changes in Equity

(figures in NOK 1000)	Share capital	Share premium	Other reserves	Other equity	Uncovered losses	Total equity
Balance at 1 January 2020	1 500	49 500	780	0	-13 581	38 198
Profit/loss for the period	0	0	0	0	-2 907	-2 907
Other comprehensive income	0	0	0	0	0	0
Total comprehensive income	0	0	0	0	-2 907	-2 907
Capital increase, net of transaction costs	0	0	0	0	0	0
Share options issued	0	0	0	0	0	0
Share options exercised	0	0	0	0	0	0
Transactions with owners	0	0	0	0	0	0
Balance at 31 March 2020	1 500	49 500	780	0	-16 488	35 291
Balance at 1 January 2021	10 987	804 369	2 974	520	-30 407	788 442
Profit/loss for the period	0	0	0	0	-5 581	-5 581
Other comprehensive income	0	0	0	0	0	0
Total comprehensive income	0	0	0	0	-5 581	-5 581
Capital increase, net of transaction costs	4 167	475 069	0	0	0	479 236
Share options issued	0	0	0	0	0	0
Share options exercised	0	0	0	0	0	0
Transactions with owners	4 167	475 069	0	0	0	479 236
Balance at 31 March 2021	15 153	1 279 437	2 974	520	-35 988	1 262 097

Selected notes to the quarterly financial statements

Note 1 – Summary of significant accounting policies

General information

Salmon Evolution Holding ASA and its subsidiary, Salmon Evolution 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 and hatchery. 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 I 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 19 May 2021.

These interim financial statements have not been audited.

Consolidation

Salmon Evolution Holding 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

31 March 2021 include Salmon Evolution Holding together with its subsidiary Salmon Evolution AS. Please note that the comparable previous periods financial statement periods (Q1 2020) only reflect Salmon Evolution 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 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 2021	432	219 926	739	221 097
Additions	364	114 038	186	114 589
Disposals	-	-	-	-
Cost 31 March 2021	796	333 964	925	335 686
Accumulated depreciation 1 January 2021	-	-	409	409
Depreciation for the period	-	-	42	42
Net book value 31 March 2021	796	333 964	474	335 235

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 31 March 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 31 March 2021:

(figures in NOK 1000)	31 March 2021
Ground enterprise contract	180 268
Engineering	70 797
Technical equipment	71 861
Fishing tanks	53 117
Concrete element	34 691
Fish handling and transport	0
Total financial commitments	410 734

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
Opening balance 1 July 2020				0,05			107 503 182
Share options exercised	10 July 2020	5 405 159	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.

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 Holding ASA is listed at Euronext Growth under the ticker SALME.

SALMON
EVOLUTION®

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

Web: 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



Report on Review of Interim Financial Information

To Salmon Evolution ASA

Introduction

We have reviewed the accompanying consolidated balance sheet of Salmon Evolution ASA (former Salmon Evolution Holding ASA) as at March 31 2021 and the related statements of income, changes in equity and cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. Board of Directors and Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the financial position of the entity as at March 31 2021, and of its financial performance and its cash flows for the three-month period then ended in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Molde, 28 May 2021

BDO AS



Roald Viken

State Authorized Public Accountant, Norway



Extending the ocean potential
Annual Report 2020

SALMON
EVOLUTION®

This is Salmon Evolution

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

- 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 – first grow-out production targeted in 2024
- Utilizing a 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
- On track for ~25,000 tonnes capacity by 2024, clear roadmap for 70,000 by 2030
- Company converted to ASA, and preparations for listing at Oslo Stock Exchange (main list) has started. The up-listing is expected to be materialized in Q2/Q3 2021

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 target level at 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



SALMON EVOLUTION

South Korea project illustration (Source: Dongwon)



Key figures

NOK 1,360m	Total raised equity ¹⁾	17	# Employees ²⁾
NOK 111m	Total committed grants	March 2022	First smolt release
NOK 1,107m	Net cash ¹⁾	December 2022	First harvest
NOK 220m	Accumulated capex	25,000 tonnes HOG	Fully funded production capacity ³⁾



Indre Harøy drone picture April 2021

1. Figures per 31 December 2020 adjusted for March 2021 NOK 500m equity issue
2. As per April 2021
3. Indre Harøy phase 1 (7,900 tonnes HOG) and K Smart (16,800 tonnes HOG). Financing includes March 2021 NOK 500m equity issue, debt financing for Indre Harøy Phase 1 as per signed committed term sheet and planned financing structure of K Smart.

Conservative approach in a “disruptive industry”

1

Biology is the most important consideration
→ That's why we have chosen the HSF technology

2

There is much to learn, even though we have decades of experience
→ That's why we start in Norway

3

Large upside through international expansion, but higher complexity and risk
→ That's why we team up with first class local partners when expanding overseas



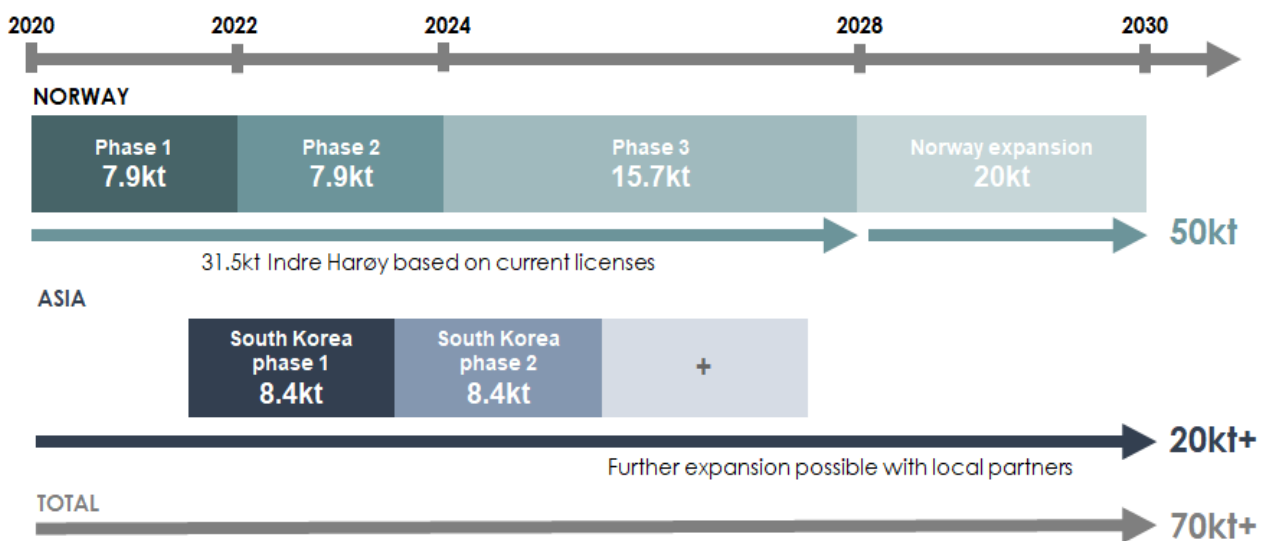
South Korea project illustration (Source: Dongwon)

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 Norway, the company has international ambitions. 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 already on track for ~25,000 tonnes by 2024.

Roadmap towards +70kt HOG annual harvest



Indre Harøy fully developed

Letter from the CEO

2020 was an eventful year for Salmon Evolution and the high pace has continued into 2021. Following raising NOK 258 million in March 2020 in the middle of the Covid-19 pandemic outbreak, we commenced construction of our ground-breaking project at Indre Harøy in May.

We further raised NOK 50 million through a private placement directed towards Korean seafood giant Dongwon Industries in July which was again followed by a NOK 500 million private placement in September ahead of our listing at Euronext Growth.

In February 2021 we announced the signing of a joint venture term sheet with Dongwon Industries for establishment of a 16,800 tonnes HOG land-based salmon farming facility in South Korea which was later formalized into definitive agreements end of March.

In March 2021 we also raised an additional NOK 500 million in equity which completed the planned equity financing for Indre Harøy phase 1 and our equity commitment for our Korean project.

The project at Indre Harøy is a large project divided into different phases, where the first salmon is expected to be harvested late 2022. Development will be continuous for six to seven years from now, and the facility will at completion comprise an annual production capacity of 31,500 tonnes HOG of salmon, or some 125 million salmon meals per annum. It is with humility and respect we take on this task and we highly appreciate the trust our shareholders have granted us.

We are incredibly proud of our involvement in this project, which is ground-breaking both for our region and for the salmon farming industry,

and we will break many barriers on our way to finalisation.

The salmon industry will keep developing in many directions. Conventional sea-based farming will remain vital also in the future, and we see many exciting initiatives related to offshore farming and closed systems in the open sea.

Land-based farming clearly represents new opportunities and other ways to operate, where new technological approaches and sustainable, stable production with proximity to markets are attractive attributes.



Indeed, our project at Indre Harøy is massive, but we have clear ambitions beyond this. The partnership with Dongwon Industries, one of Korea's largest salmon importers, is a clear testament to this and a solid validation of our HFS technology and its applicability for regions outside Norway. We also strongly believe that having a full scale and operating facility in the middle of the aquaculture cluster in Norway will provide us with invaluable experience and knowledge when expanding internationally.

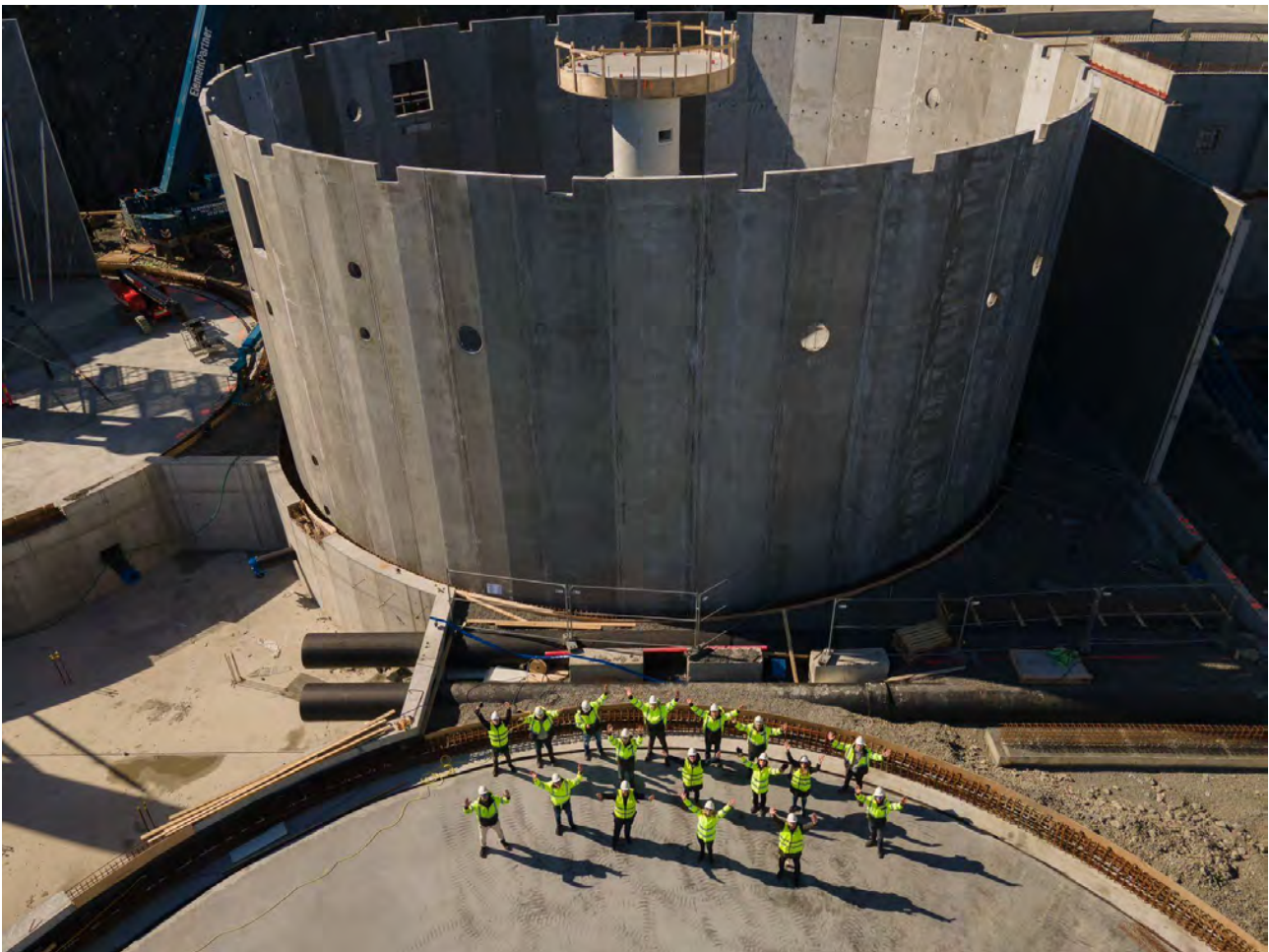
We believe Salmon Evolution has a great potential to produce what the market demands, a fresh, healthy and

sustainable premium product. With the use of our hybrid flow-through system (HFS) we farm our salmon in a closed system with minimum impact on the environment and at the same time providing the best conditions for optimal fish welfare - it's truly a sustainable approach to

producing the world's best and healthiest protein.

We are very excited about what the future will bring, and we are grateful to take part in shaping a new industry in coming years.

Håkon André Berg
CEO, Salmon Evolution



Indre Harøy April 2021

Company description

Our story

Salmon Evolution was established in 2017 to pursue salmon farming on land. As a member of the Norwegian aquaculture cluster, the company has unmatched access to fresh seawater, expertise, renewable energy and an established infrastructure. We emphasise rational operation, fish welfare and minimal environmental impact. Using clean water from the coast the company creates optimal farming and environmental conditions, better growth and shorter production time. Treating wastewater and reusing marine resources will help minimise our environmental footprint.

In July 2018, Møre og Romsdal county council awarded the company a licence for the facility that was planned to build at Indre Harøy. This permits a maximum standing biomass of 13,300

tonnes of salmon and an annual output of 31,500 tonnes HOG. That corresponds to about 125 million salmon meals per year.

In January 2019 the company raised and secured NOK 50 million through a private placement with strong industrial ownership. Further, in March 2020 the company raised NOK 258 million through another private placement where new and existing industrial owners made a continued commitment.

The company raised a further NOK 50 million in July 2020 through a private placement directed towards Dongwon Industries. Another NOK 500 million in equity was raised in September 2020 ahead of the company's listing on Euronext Growth.



In March 2021 the company raised another NOK 500 million in equity and announced that it will apply for a listing on the Oslo Stock Exchange main list.

Construction of phase 1 at Indre Harøy is well underway and first harvest is expected late 2022 with the first smolt being put into the grow out

tanks during spring 2022. Phase 1 will have a production capacity of 7,900 tonnes HOG and fully developed Indre Harøy will have a production capacity of 31,500 tonnes HOG. The facility's location ensures that it can adopt the most suitable technology for farming fish on land using a hybrid flow-through system (HFS).



Indre Harøy April 2021

JV with Dongwon Industries for South Korean expansion

The company has also entered a joint venture with the South Korean seafood giant Dongwon Industries 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 will be 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

including capex, project management, contingencies and working capital build up, is estimated to NOK 1.6 billion.

Under the terms of the Joint Venture agreement, Dongwon Industries will facilitate 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.

Salmon Evolution's equity contribution will be split in milestone driven tranches, reflecting the overall progress of the project. Salmon Evolution expects to execute its first tranche of close to NOK 30 million during April 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 purposes.



Salmon Evolution and Dongwon target construction start during 2022, with commencement of grow out production in 2024. The parties have identified a production site in Yangyang on the north east coastline of South Korea with solid data points on water quality and temperatures. Preliminary estimates indicate an EBITDA cost 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.

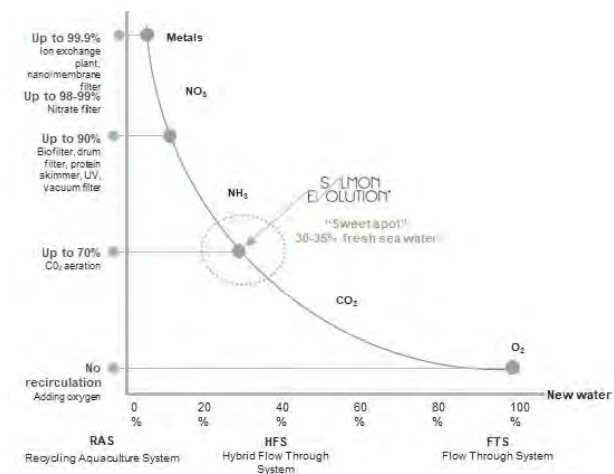
The Joint Venture agreement also contains a comprehensive set of corporate governance principles, aimed at serving as a solid foundation for a long-term partnership between Salmon Evolution and Dongwon.

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

Our Technology

Salmon Evolution is founded on the belief that good biology equals good economy. This belief has been essential when developing the production methods and technology 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.

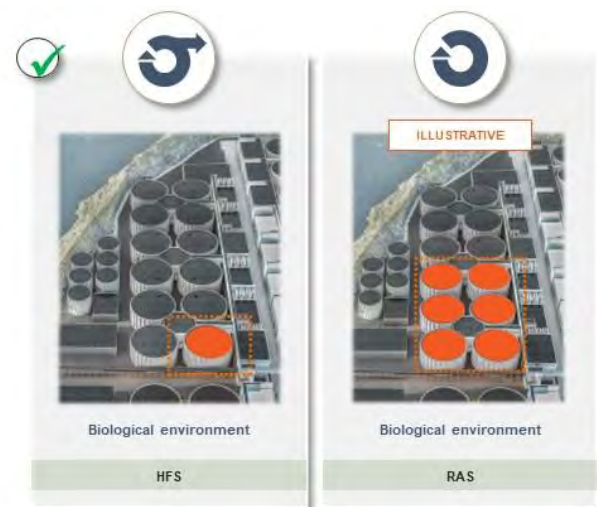
At Indre Harøy the seawater intake is based on two intake pipes at 25 meters and 90 meters, respectively, enabling the company to tap into ideally tempered water and hence reducing

energy costs in connection with the heating of seawater.

The water intake 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.

Our Vision

.. is to be a beacon for sustainable development by extending the ocean potential.

Responsible, highly competent, and inventive

Our concept is based on preserving and reusing marine resources and minimising our environmental footprint.

Farming fish on land, with each tank as a defined and isolated biological zone, gives us full control of water parameters and the production environment in order to eliminate lice and other parasite as well as minimising infection.

A closed system also means that there is no risk of the salmon escaping from the farm.

Combining supplies of clean and fresh seawater with reuse, minimise energy consumption for pumping and heating of water in the farm. That contributes to competitive operating costs, even when compared with farming in the sea.

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

stable temperature which contributes to increased growth.

Treating waste-water and reusing fish sludge to produce biogas and short-travelled fertiliser are among our contributions to a circular economy.



Sustainability





We will achieve our vision of being a beacon for sustainable development by promoting a culture where sustainability and profitability reinforce each other.

A growing need for sustainable farmed salmon

The Food and Agriculture Organization (FAO) of the UN predicts that the world's population will reach 9.7 billion by 2050, and the demand for food is set to increase by 50%, requiring a significant increase in protein production. Seafood will be an important contributor to this growth. However, growing demand for seafood will increase pressure on already over-exploited wild fish resources, which is why aquaculture in general, including salmon farming, is required to efficiently manage

and maintain both wild fish stocks and the ocean's natural biodiversity.

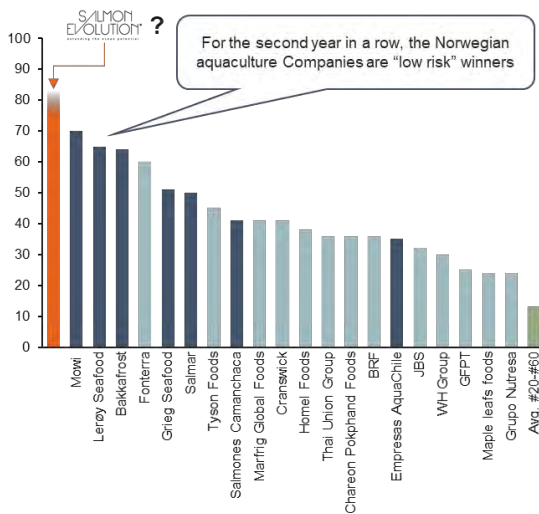
Salmon is among the most efficient protein sources to produce, with a feed conversion ratio (FCR - the amount of feed an animal needs to gain one kilogram of body weight) well below other comparable species. Salmon also has a high harvest yield (% left after inedible parts are removed) compared with other farmed animals.

Protein production facts ¹				
Carbon footprint (g CO ² /40g edible meat)	0.60	0.88	1.30	5.92
Feed conversion ratio	1.2	2.0	3.5	8.0
Harvest yield	68 %	46 %	52 %	No data
Water consumption (litres/kg)	2,000	4,300	6,000	15,400

¹ Global Salmon Initiative Organisation, Sustainability Report 2019

Salmon farmers are global leaders in sustainable protein production

FAIRR Index² 2019 average risk score



Salmon Evolution aim to score well on all criteria set by FAIRR

Risk factors in FAIRR	Key KPIs (FAIRR)	SE vs traditional farmers ("TF") - mgmt. estimate
Greenhouse gas emissions	<ul style="list-style-type: none"> Targets for emission reduction Quality of GHG inventory 	SE is significantly better than TF (indicated by a green bar).
Deforestation and biodiversity loss	<ul style="list-style-type: none"> Escape from fish farms Disease management 	SE is significantly better than TF (indicated by a green bar).
Water scarcity and use	<ul style="list-style-type: none"> Management of water use Water exposure of supply chains 	SE is significantly better than TF (indicated by a green bar).
Antibiotics	<ul style="list-style-type: none"> Policy to avoid routine use Report-quantified use of antibiotics 	SE is significantly better than TF (indicated by a green bar).
Waste and pollution	<ul style="list-style-type: none"> Waste management Disclosure of non-compliance 	SE is significantly better than TF (indicated by a green bar).
Working conditions	<ul style="list-style-type: none"> Injury rates Safe and fair working conditions 	SE is significantly better than TF (indicated by a green bar).
Food safety	<ul style="list-style-type: none"> Product traceability Disclosed food recalls 	SE is significantly better than TF (indicated by a green bar).
Animal welfare	<ul style="list-style-type: none"> Policy and performance Stocking density / stunning 	SE is significantly better than TF (indicated by a green bar).

Land-based salmon farming addresses industry challenges

The global increase in need for food, combined with stronger preferences for healthy and sustainably produced proteins, has led to a strong growth in demand for salmon over the last decades. This increase has been covered by a continuous expansion within conventional

farming. However, due to increasing biological and sanitary challenges, future growth for conventional farming is expected to be limited, at least until viable solutions addressing these challenges are in place.

- 1. Untreated fish waste and waste handling:** Nature of conventional salmon net pens imply issues with discharge of untreated sewage, diseases, and parasites into coastal waters
- 2. CO2 footprint,** particularly from long haul transport and distribution
- 3. Diseases, parasites, and sea lice** are widespread in conventional salmon farming, causing considerable damage commercially
- 4. Varying climate** and increasing water temperatures can potentially cause stressed and less healthy fish
- 5. Mortality** and losses in production is known to be a challenge for sea-based salmon farmers
- 6. Escapes** in sea-based salmon farming are expensive and potentially damaging to wildlife

To compensate for the growth limitations in conventional farming, new methods and technologies addressing biological and environmental challenges are developed, including land-based farming. Addressing a

broad range of industry challenges, combined with significant expansion potential, land-based farming represents an important part of the solution for future growth.

² Collier FAIRR Protein Producer Index Report – The 2019 Index. Salmon Evolution ranking based on management estimate

Salmon Evolution address sustainability

Social responsibility and sustainability are an integrated part of Salmon Evolution's business model and enshrined in our ethical guidelines. We believe that responsible and sustainable business behaviour contributes to better organisational, financial, environmental, and social results.

Lower environmental impact

Zero escape: Our land-based concept reduces the local environmental impact through greater production control and a circular economy. There is no risk of salmon escaping from the farm.

Optimized energy consumption: Combining clean and fresh seawater with reuse means energy consumption for pumping and heating water is minimised. Our energy plant has a very high performance in relation to the energy used. That contributes to competitive operating costs, even when compared with farming in the sea.

Treating wastewater and reusing sludge will also help to minimise our environmental footprint and is one of the contributors to a circular economy. Waste and feed residues from production are collected and will be used a raw material for biogas production and short-travelled fertiliser.

Improved fish welfare

Control over the production environment and stable water parameters ensure better fish health, increased growth, and shorter time to harvesting.

The risk of parasites like salmon lice is strongly reduced by taking in seawater from depths of 25 and 90 metres. Cleaning and disinfecting intake water create an infection-free

environment and reduces the risk of illness. The company also minimise risk by making each tank a defined biological zone.

Minimal handling will create good growth conditions and opportunities for optimal feeding and reduced losses during the production cycle.

Safe and efficient operation

Our hybrid flow-through system (HFS) is utilised to take in – and replace – large quantities of clean and fresh seawater from the ocean. In addition to utilising water with the same good quality as traditional Norwegian cage-based farming, we have sufficient space and access to the necessary resources for large-scale production on land.

Safe and efficient operations, combined with optimising water-quality parameters, reduces time to harvesting for each generation from 16

to 12 months. That lays the basis for greater production efficiency and optimal utilisation of our licensed volume.

The company is planning to build fish farms on land in other parts the world with the aid of the HFS technology chosen for our Indre Harøy facility. In addition to the value potential offered by building similar installations elsewhere, this will allow us to be a beacon for sustainable development of global seafood production.

Markets

Overall description

Salmon Evolution targets to play a significant role in the global salmon industry, and to be a driving force in the development of land-based salmon farming. Global production of Atlantic salmon reached about 2.7 million tonnes LW in 2020. This represents almost a doubling over the last decade and a yearly growth of 6.5% since 2010.

The salmon industry has for many years benefitted from several major global macro trends that have led to a significant demand growth, hereunder increased global population and a growing middle class, increased focus on eating healthy food, and resource efficient and climate friendly food production.

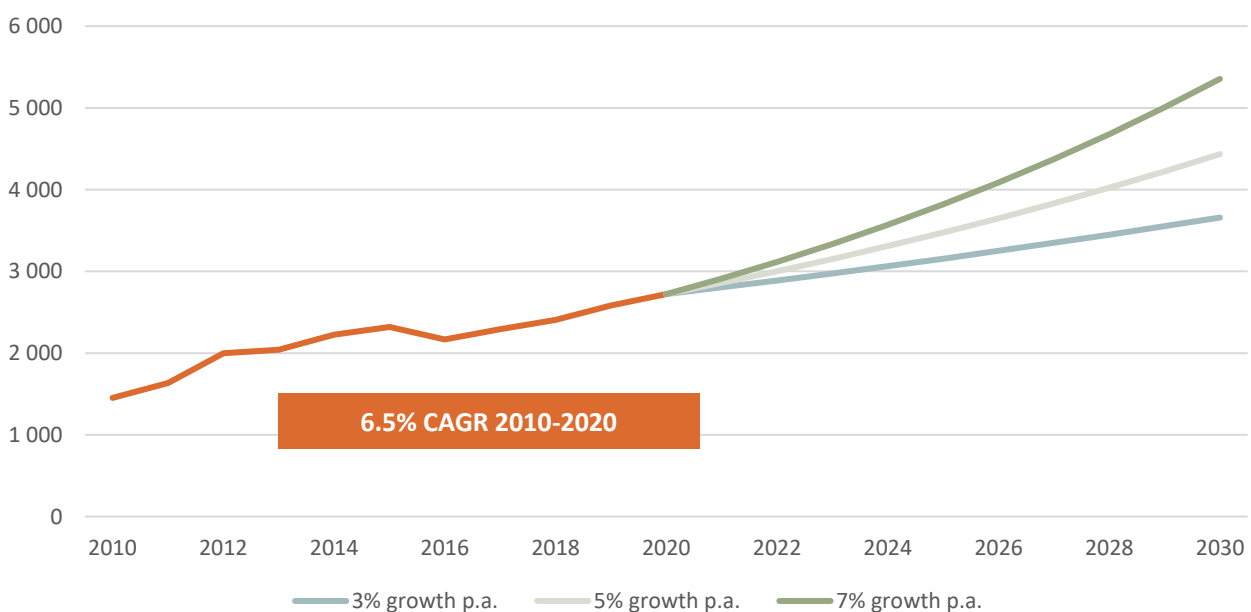
Global supply of Atlantic salmon has seen an impressive increase over the last decades, but in recent years the growth has come significantly down. The reason for this is that the industry has

reached a production level where biological constraints put limit to further growth.

Looking ahead for the next decade, a 3–7% yearly growth in salmon demand implies a total production of around 3.7-5.4 million tonnes by 2030 which represents an increase of around 1.0-2.7 million tonnes.

This backdrop combined with the prospect of limited supply growth within conventional farming in the coming years, have led to the development of new production methods such as land-based, offshore and ocean based closed systems. Conventional farming will play a key role in the salmon farming industry for many years to come, but other production methods such as for example land-based farming will likely be necessary to serve the steadily increasing demand for Atlantic salmon.

World production of Atlantic Salmon (LW, '000 tonnes)



Source: Kontali, Salmon Evolution

Competitive landscape and market opportunities

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

Transportation of salmon via airfreight is expensive and the rise of land-based salmon farming enables production in end-markets and thereby eliminating the need for airfreight and creating a foundation additional margins as pricing for in-market produced fish will likely be benchmarked with imported fish.

Salmon Evolution has significant international ambitions and the joint venture with Dongwon Industries is a strong demonstration of this.

However, Salmon Evolution acknowledges the challenges of producing fish on land, which is reflected in the company's choice of technology, hereunder our hybrid flow-through system (HFS).

Salmon Evolution also acknowledges that building a land-based salmon farming facility is a complex process which is why our first facility is being built in Norway in the middle of the aquaculture cluster to serve as a best practice facility when expanding abroad. Finally, when expanding internationally, Salmon Evolution is confident that project execution can both be fast-tracked and significantly de-risked by teaming up with strong local partners, such as Dongwon Industries.



Dongwon Industries processing plant in Busan, South Korea

Business plan and strategy

Goals and ambitions

Salmon Evolution's goal is to become a globally leading producer of land-based Atlantic salmon. The company is focused on extending the ocean's potential by transferring the best preconditions offered by the sea to farm fish on

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

Strategic priorities and opportunities

Salmon Evolution already has a tangible pipeline of close to 50,000 tonnes HOG through its projects at Indre Harøy (31,500 tonnes) and K Smart (16,800 tonnes). Through further expansions the company targets a production capacity of 70,000 tonnes by 2030.

While further growth is important, the company's core near term focus is to secure optimal project execution of the projects at Indre Harøy and in Korea. This includes growing the organization, establishing quality and control systems as well as a digital infrastructure ahead of commencement of grow-out production during spring 2022. Salmon Evolution also has strong ambitions as to the commercial aspect of fish

farming, hereunder sale and distribution. The high degree of fresh seawater usage in our production combined with optimal growth conditions in our tanks are expected to result in a healthy and tasty fish with a firm texture which provides a solid foundation for establishing a good reputation in the market.

The environmental aspect of our production with a closed system production method, collection and recirculation of waste, zero sea lice and no escapes also have some very attractive attributes that warrants a price premium in the market. During 2021 Salmon Evolution will further intensify its commercial efforts in preparation for first harvest late 2022.

Capital strategy/priorities and funding

The company will in the coming years actively seek to optimize its capital structure and have a balanced mix of equity and debt. Although land-based salmon farming to a large extent have had to mainly rely on equity financing in the past, the company sees increasing appetite amongst banks for more traditional bank debt financing structures. Nevertheless, banks appear conservative and selective which is reflected in fairly low loan to values.

Going forward and along with land-based salmon farming facilities commencing

operations and obtaining proof of concept, the company believes this positive trend will continue and eventually also facilitate higher loan to values which again will facilitate further growth.

Salmon Evolution also sees interesting opportunities for alternative financing structures, for example through partnerships such as K Smart. This and similar structures represent a capital efficient way of growing production while at the same time scaling and leveraging the organization's competence and knowhow.

Management

General comments on experience and competence

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

Roles and CV's



Håkon André Berg, CEO

Håkon André Berg became our CEO in the spring of 2020 after serving as CFO from November 2019.

With a background in management of strategy and business development, he has extensive industrial and financial experience and expertise from various private-equity related companies.

That includes almost 15 years of experience in finance, including as a partner in the private equity companies Broodstock Capital Partners and Midvestor Management. He has been an associate at Argentum Private Equity and an analyst at Bridgehead Corporate Finance. In addition, he holds

board appointments at a number of companies in the aquaculture sector, and he is currently chair of Pure Norwegian Seafood.

Berg has a BSc in business economics from the BI Norwegian Business School, and MSc studies specialising in finance at the Norwegian School of Economics (NHH).

Berg owns 75,075 shares and holds 450,000 share options in Salmon Evolution through the company Carried Away AS.



Trond Håkon Schaug-Pettersen, CFO

Trond Håkon Schaug-Pettersen took over as our CFO on 1 January 2021.

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

Before joining Hofseth International, Schaug-Pettersen worked for nine

years as an investment banker at Swedbank/First Securities advising Norwegian and international companies on IPOs, equity and debt capital raisings, M&A and strategy.

Schaug-Pettersen has a BSc in Economics and Business Administration from the NHH Norwegian School of Economics. Schaug-Pettersen owns 166,666 shares and holds 375,000 options in Salmon Evolution.



Ingjarl Skarvøy, COO

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

Skarvøy owns 1,800,150 shares and holds 100,000 share options in Salmon Evolution through the company Terra Mare AS.



Kamilla Mordal Holo, Project Director

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

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

Mordal Holo owns 60,060 shares and holds 100,000 share options in Salmon Evolution through the company C10 Holding AS.



Trond Valderhaug, CCO

Trond Valderhaug has more than 20 years of experience in the seafood industry and began his career in Pan Fish in 1998.

He joined us after spending four years as regional sales director Asia at Mowi.

He has also held leading posts in Pan Fish/Marine Harvest Group, including two years as sales director EU origins and sourcing in Miami, USA.

Valderhaug holds 150,000 share options in Salmon Evolution.

Board of directors

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

Roles and CV's



Tore Tønseth, Chairman of the board

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

He was responsible for seafood analyses at SpareBank 1 Markets

from 2013 to 2019. At the same time, he was in frequent demand as a speaker in Norway on seafood, finance and sustainability. Tønseth also has a

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

Tønseth has an MSc in economics and administration from the Norwegian School of Economics (NHH), specialising in finance and econometrics. Ronja Capital is our largest shareholder.



Peder Stette, Board Member

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

Stette Holding, a family investment company.

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



Anne Breiby, Board Member

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

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

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



Ingvild Vartdal, Board Member

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

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

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



Glen Allan Bradley, Board Member

Glen Bradley is chair of Rofisk AS, which owns Rostein AS. The latter is one of the world's leading well boat owners and ranks among our substantial shareholders.

He has the equivalent of a BSc in economics, strategy and international marketing, and more than 20 years of

experience in the salmon industry. He is currently deputy CEO of Rostein AS.

As a director and shareholder, Bradley wants to use his experience and big commitment to the salmon industry to help us become an important company, both for the region and for our owners.



Yun Ki Yun, Board Member

Yun Ki Yun is CFO of Dongwon Industries, one of Korea's leading seafood companies. He has more than 20 years of experience in mergers and acquisitions (M&A) and finance, concentrating on M&As in warehouse logistics and aquaculture since joining the Dongwon group in 2017.

He began his career with CJ Group, specialising in media-related M&A. He

followed CJ Group's media involvement from a pure content provider to distributing content in the cable TV segment. He also worked earlier on derivative sales for Colling Stewart in Singapore.

Yun has a BSc from Yonsei University and an MSc in finance from London Business School.



Janne-Grethe Strand Aasnæs, Board Member

Janne-Grethe Strand Aasnæs is the CEO and majority owner of Strand Havfiske AS, an Ålesund based fishing vessel company mainly engaged in whitefish and pelagic business. She has prior to that been engaged in the financial industry as a financial analyst/portfolio manager and manager of client relations within asset

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

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

Kristofer Reiten, Board Member



Kristofer Reiten has been CEO of Vikomar AS since 1995. This modern fish processing company specialises in the production, freezing and distribution of pelagic species.

With his experience and knowledge, Reiten wants to participate in realising a paradigm shift in Norwegian aquaculture by farming and creating a sustainable salmon on land – a fish which has swum in

clean seawater from the Norwegian coast, which has not been exposed to lice problems and which has experienced minimum handling during its life cycle.

Reiten is one of our original owners and he is also a part owner of Romsdalsfisk AS which is a substantial shareholder in Salmon Evolution.

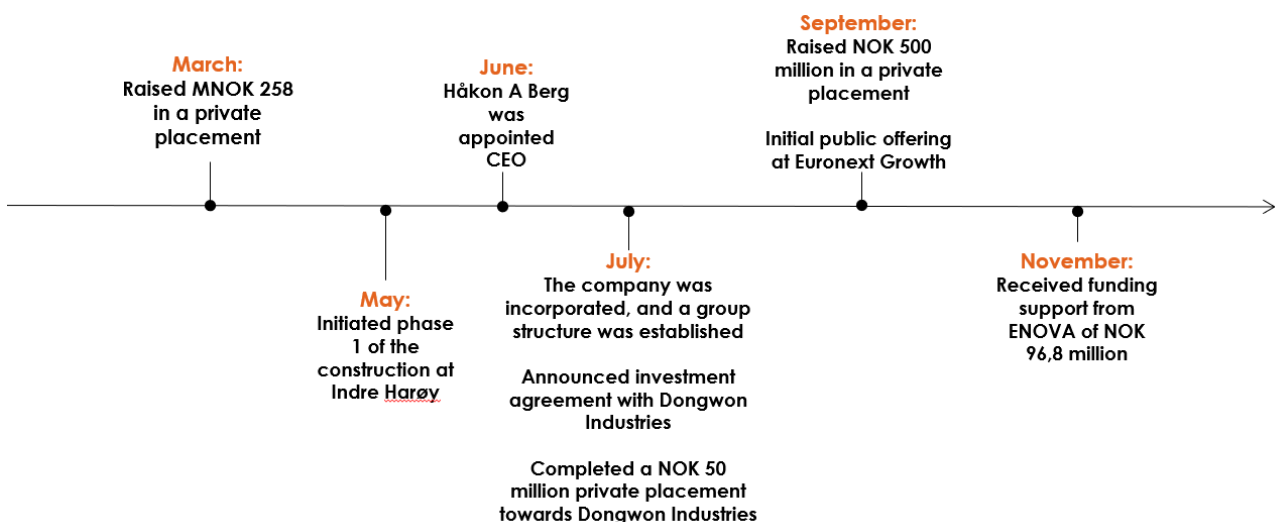
Board of Directors report

Introduction/summary

The Board of Directors is responsible for the overall management of the Company and may exercise all the powers of the Company. In accordance with Norwegian law, the Board of Directors is responsible for, among other things, supervising the general and day-to-day management of the Company's business; ensuring proper organisation, preparing plans and budgets for its activities; ensuring that the Company's activities, accounts and asset management are subject to adequate controls and to undertake investigations necessary to ensure compliance with its duties. The Board of Directors may delegate such matters as it seems fit to the executive management of the Company (the "Executive Management").

The Company's Executive Management is responsible for the day-to-day management of the Company's operations in accordance with instructions set out by the board of directors. Among other responsibilities, the Company's CEO is responsible for keeping the Company's accounts in accordance with existing Norwegian legislation and regulations and for managing the Company's assets in a responsible manner. In addition, at least once a month the Company's CEO must brief the Board of Directors about the Company's activities, financial position and operating results.

Important events in 2020



Operational development

Status Indre Harøy

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



Construction start ceremony

The main contractor, Artec Aqua, has entered into agreements with subcontractors who are currently working on site.



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 and will continue in the coming quarters. Tunnel for wastewater was successfully finished in December.



Completion of wastewater tunnel

Construction work through the first quarter of 2021 will mainly be on production facilities, where the company is to start the assembly of fish-tanks.

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

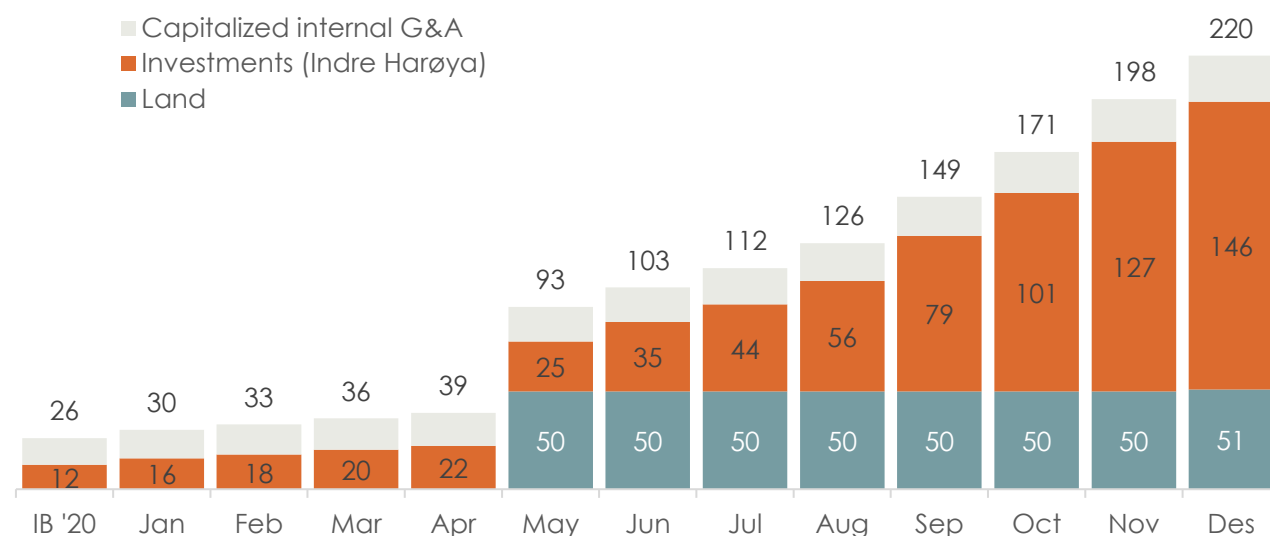
Currently some 80 workers are working on site. As workload increase the number of workers on site will increase going forward and is expected to peak at around 200 people during summer 2021.

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

As per 31 December 2020, accumulated capex from project initiation in 2019 amounts to NOK 220.0 million.

In May 2020, Salmon Evolution acquired necessary land for the development and construction of the facility at Indre Harøy. Capex related to land investments accounts for approximately 1/4 of the total capex for 2020.

Accumulated CAPEX 2020 (NOK million)



Events after balance sheet date

Joint Venture

On 26 February 2021 Salmon Evolution signed a joint venture term sheet with Dongwon Industries for the 49/51 owned joint venture to develop, construct and operate a land-based salmon farming facility in South Korea using Salmon Evolution's HFS technology. The project is aiming to achieve an annual capacity of 20,000 tonnes LWE.

Salmon Evolution and Dongwon target construction start during 2022, with commencement of grow out production in 2024.

The term sheet was later formalized into definitive agreements on 31 March 2021.

Successful Private Placement

On 11 March 2021 the Company announced that a Private Placement was successfully placed through the conditional allocation of 83,333,333 shares, each at a subscription price of NOK 6,00 per share, raising gross proceeds of

approx. NOK 500 million. Following completion of the Private Placement the Company have a share capital of NOK 15,153,221 divided through 303,064,421 shares, each with a nominal value of NOK 0.05.

Conversion to public limited company

At the extraordinary general meeting that was held on 18 March 2021 the shareholders approved the conversion of the Company from a private limited liability company (AS) to a public limited liability company (ASA).

In addition to this, the board resolved to initiate a process for applying for an up-listing of the Company's Shares to the main list at Oslo Stock Exchange and aims to complete such up-listing during Q2/Q3 2021.

Signed committed term sheet for NOK 625 million debt financing package

On 16 April 2021 the Company announced that it had entered a committed term sheet (the "Term Sheet") with Nordea as agent and Sparebanken Vest as co-lender (jointly the "Lenders") for a senior secured debt financing package of up to NOK 625 million relating to its phase 1 build out at Indre Harøy.

agreement with the Lenders and the Company has a separate process ongoing to secure and finalize this facility

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

The debt financing package consists of the following credit facilities:

The Construction Facility and the Term Loan Facility is partly guaranteed by the Norwegian Export Credit Guarantee Agency ("GIEK"). The Term Loan Facility will be repaid over a 15-year profile and have a 3-year term from completion of Indre Harøy phase 1 with 2x1 year extension options.

- NOK 525 million senior secured credit facility 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 the Lenders (the "Term Loan Facility")
 - NOK 140 million in a separate long term loan facility with a third-party lender (the "Third-Party Loan"). The Third-Party Loan will be subject to a coordination

Credit committee approvals have been undertaken by both the Lenders and GIEK and the debt financing package is further subject to customary conditions precedent, including due diligence and finalization and signing of legally binding documentation.

The Company expects closing of the respective facilities during Q2 2021.

Financial performance

Going concern

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

Income statement

Full year 2020 sales amounted to NOK 0.7 million.

Personnel expenses summed up to NOK 8.9 million, which includes NOK 2.5 million in provisions for the Company's incentive program. Other operating expenses totalled NOK 9.0 million. The increases from last year reflect the higher activity level in the company

and the continued progress at Indre Harøy. The operating loss was NOK 17.7 million.

Total depreciations were NOK 0.6 million and net financials was positive at NOK 0.9 million, resulting in a loss before tax of NOK 16.8 million.

Assets under construction is not depreciated.

Cash flow

Net cash flow from operations ended at NOK -10.0 million in 2020 compared to NOK -3.1 million in 2019. The increase is directly related to increased activity at Indre Harøy, as well as other projects that the company is looking in to.

Net cash flow from investment activities amounted to NOK -166.0 million, compared to NOK -25.0 million in 2019. The change in cash flow from investments are directly related to investments at Indre Harøy and gives a good picture of the increased activity level.

In terms of financial activities, 2020 was an eventful year for Salmon Evolution. Following the raising of NOK 258 million in March, the company further raised NOK 50 million through a private placement directed towards Dongwon Industries in July. This placement was

followed by a NOK 500 million private placement in September ahead of our listing at Euronext Growth.

Net cash flow from financing activities ended at NOK 802.7 million.

Cash and cash equivalents increased by NOK 626.7 million during the year, and available cash totalled NOK 647.8 million as of 31 December 2020.

In addition to the equity issues in 2020, the Company completed a NOK 500 million equity issue in March 2021 covering the estimated equity need for Indre Harøy phase 1 and the Company's planned equity commitment for K Smart (Korea).

Financial position

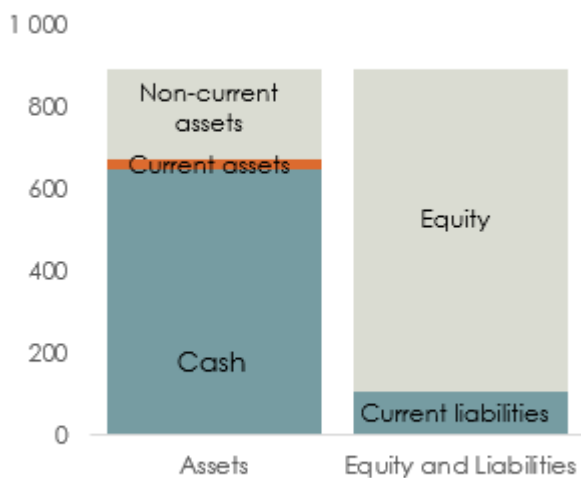
The carrying amount of Salmon Evolution's total fixed assets on 31 December 2020 was NOK 222.4 million, compared to NOK 26.6 million on 31 December 2019. The increase is mainly

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 788.4 million. With total assets of NOK 892.8 million, this corresponds to an equity ratio of 88%. Consolidated non-interest-bearing liabilities totalled NOK 62.7 million

Balance sheet as per 31.12.2020 (NOK million)



Source: Company data

On 31 December the consolidated interest-bearing debt was NOK 41.6 million of which

NOK 1.6 million was related to financial leases. The remaining NOK 40 million relates to the purchase of the land at Indre Harøy.

In November, Salmon Evolution was granted a funding commitment of NOK 96.8 million from the state-owned enterprise Enova SF. The funding support is related to the ongoing construction of Salmon Evolution's fish farm at Indre Harøy. 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 are expected paid out in tranches over the course of Indre Harøy phase 1.

In October, 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).

Risk exposure and risk management

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 31 December 2020, outstanding loans from credit institutions amounted to NOK 40 000 000 and is 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 31 December

2020 the Group did not hold any cash balances, pay any expense, nor receive any revenue in currencies other than its presentation and functional currency. The Group's presentation currency is Norwegian Kroner ("NOK").

Credit risk

With respect to credit risk arising from the financial assets of the Group, which comprise cash and cash equivalents, and other receivables, the Group's exposure to credit risk

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

Liquidity risk

Management monitors rolling forecasts of the Group's liquidity reserve (comprising cash and cash equivalents) based on expected cash flows. The Group's business plan and growth

strategy is capital intensive, and the Group may be dependent upon future equity issues and/or debt financing in order to finance its current long-term plans.

Covid-19

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

The company has taken necessary measures in all sites and locations to be able to limit the spread of the virus and has not registered any infection among the company's employees or contracted workers. At the same time, the company works to ensure that the construction work progress on time and budget.

The Management has identified the following main risk factors that may impact the company going-forward:

- Currency exchange risks which may impact the construction costs of the land-based salmon facility, measured in NOK.
- Long-term effects on salmon prices which may impact the financial results when the Company starts to generate revenue from the sale of salmon
- Delays in the construction of the company's land-based farming facility as a result of any impacts on the company's subcontractors

Corporate social responsibility

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

Environment

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

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

Working environment

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

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

Covid-19 prevention and preparedness

Salmon Evolution established in 2020 a detailed Covid-19 prevention and preparedness plan to protect employees, business partners and the workplace, while safeguarding uninterrupted and efficient operations. The company has

The Group has developed a Code of Conduct including guidelines for ethical behaviour, anti-corruption, integrity and conflicts of interest, corporate responsibility and whistleblowing. The Code of Conduct applies to all employees, contract workers, board members and other persons acting on behalf of the company. The Code of Conduct is available from the company's website www.salmonevolution.no.

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

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

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

There were no injuries or accidents reported or investigated amongst Salmon Evolution employees in 2020.

Total sick leave for the company in 2020 was 0%.

operated in compliance with all national and regional rules and recommendations regarding the pandemic. No Covid-19 cases have been reported among the employees.

Diversity and equal opportunity

Salmon Evolution shall have an inclusive working environment. Discrimination or harassment based on ethnic background, nationality, language, gender, sexual identity or religious faith shall not occur. No cases of discrimination or harassment were reported or investigated in 2020.

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

At the end of 2020, Salmon Evolution had twelve (12) employees, of whom two (2) are women. This is below the gender balance in The Industry

Sector in Norway, which in 2020 was 76% men and 24% women according to SSB. The executive management group consists of 4 men and 1 woman. Following the election of the new board of directors on 18 March, the board consists of 5 men and 3 women.

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

Anti-corruption and anti-bribery

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

Salmon Evolution will not engage in, or otherwise tolerate, any form of bribery or corruption in the business dealings of any member of the Salmon Evolution group. No corruption or bribery cases were reported or investigated in 2020.

Shareholder information

Salmon Evolution was successfully listed on Merkur Market (now Euronext Growth) 18 September 2020. Per 31 December 2020, Salmon Evolution Holding AS had 219.73 million issued shares, divided between 2,255 shareholders.

Ronja Capital was the Company's largest shareholder with 25,021,021 shares, corresponding to 11.4% of the total number of shares outstanding. The 20 largest shareholders

owned 76.4% of the shares in the Company. The closing price for the Company's shares was NOK 6.85 per share as per 30 December, which corresponded to a market capitalization of NOK 1.5billion.

Following the completion of the private placement in March 2021, the total number of outstanding shares increased to 303,064,421 which corresponds to a market capitalization of NOK 1.8 billion as per 21 April 2021.

Corporate governance

Salmon Evolution depends upon good relations with its stakeholders to succeed. Good corporate governance is important to build and

maintain trust and confidence in the company and to ensure long-term value creation in the best interest of the Company's shareholders.

Corporate governance principles and practices

As a Norwegian public limited liability company listed on Euronext Growth, Salmon Evolution bases its corporate governance structure on Norwegian legislation and recommended guidelines. The Company is currently not subject to The Norwegian Corporate Governance Board's (NUES) recommendation on corporate governance but intends to formalize its corporate governance framework according to the latest version of the Norwegian Code of Practice for Corporate Governance (Code of Practice) in 2021 alongside the intended up-listing of the Company's shares to the main list at Oslo Stock Exchange.

Current principles and procedures include rules of procedure for the board of directors,

instruction for the chief executive officer, regulating the division of roles and responsibilities between the board and the CEO, investor relations policy and manuals for handling and disclosing insider information. The Board has also adopted a Code of Conduct including guidelines for anti-corruption, conflicts of interests and whistleblowing routines, stipulating the main principles for ethical business conduct applying to all employees, contract workers, board members and other persons acting on behalf of the company.

The company's governance documents and practices will be subject to regular review by the Board.

Shares and negotiability, equal treatment of shareholders and transactions with close associates

Salmon Evolution has one class of shares, carrying equal voting rights. There are no restrictions on owning, trading or voting for shares in the Company's articles of association. On 11 March 2021, the Company made a private placement where the pre-emptive rights of shareholders were set aside of which reasons for this action were provided in the stock exchange release in connection the placement.

Any transactions in own shares will be carried out either through Oslo Stock Exchange or

otherwise at prevailing market prices. If there is limited liquidity in the Company's shares, the Company will consider other ways to ensure equal treatment of all shareholders.

For major transactions between the Company, its shareholders, subsidiaries, members of the board, leading employees or other close related parties, an evaluation will be performed by an independent third party and treated by the general meeting. For information on transaction with close associates, see note 18 in the annual accounts.

Board of directors, nomination committee and board authorisations

On 18 March 2021, the Company held an extraordinary general meeting (EGM) to approve conversion into a public limited liability company, appoint new board members, establish a nomination committee and grant an authorization to the board of directors to issue the shares in the 11 March 2021 private placement and the issuance of shares in connection with a subsequent offering. In connection with these changes, new articles of association were adopted. Notice with

supplementary information is available on the company's website www.salmonevolution.no.

The articles of association stipulate that the board of directors shall constitute of five to nine directors. The board and the chairperson are elected by the general meeting pursuant to the general meeting's further decision. On 18 March 2021, the following directors were elected to the board:

Name	Role
Tore Tønseth	Chair
Anne Breiby	Director
Glen Allan Bradley	Director
Peder Stette	Director
Kristofer Reiten	Director
Janne-Grethe Strand Aasnæs	Director
Ingvild Vartal	Director
Yun Ki Yun	Director

The composition of the board is based on representation of the Company's shareholders, as well as the company's need for competence, experience, capacity and ability to form balanced decisions. Information on each director's expertise, background and capabilities can be found on the company's website www.salmonevolution.no and in the Annual Report 2020.

It was further resolved at the EGM that the Company shall have a nomination committee consisting of minimum three members, as laid down in the new articles of association. The nomination committee will be responsible for proposing candidates to the board and the nomination committee, and remuneration to the members of these bodies. The nomination committee will be elected at the latest at the ordinary general meeting in 2021. From the same time the instructions for the nomination committee will enter into force.

At the EGM, the board was also granted a board authorization for share capital increases of up to 91,666,666 new shares of which 83,333,333 was used to issue the new shares from the 11 March 2021 private placement. As such, the authorization given by the EGM covers up to 8,333,333 remaining new shares and is intended used in the planned subsequent offering. The authorisation is valid until 30 June 2021.

On 23 July 2020, the Company's extraordinary general meeting also granted its board of directors an authorization to issue up to 2,000,000 new shares in the Company, each at a par value of NOK 0.05 and at a minimum subscription price of NOK 3.33. The authorization is valid for a period of two years and can inter alia be used in conjunction with the Company's Share Option Program.

IR policy

The Company's IR policy sets the basic principles for the Company's communication and dialogue with capital markets participants, including guidelines for contact with shareholders outside general meetings. The Company is committed to provide its shareholders accurate, clear, relevant, and complete information on the Company's performance and market position.

Communication with stakeholders shall be based on the principles of equal treatment and transparency to build trust and stakeholder confidence. The responsibility for the Company's investor relations activities lies with the CFO.

Salmon Evolution provides quarterly reports in line with Oslo Stock Exchange' recommendations. Presentations are given in connection with the disclosure of the interim results to provide an overview of operational and financial developments. The presentations are open to the public and made available through a webcast.

All information is provided in English and distributed to the Company's shareholders through Oslo Stock Exchange' news channel www.newsweb.no and on the company's website www.salmonevolution.no.

Transactions with related parties

During the ordinary course of business, the Group engages in certain transactions with related parties.

In 2019, the company 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.

Pursuant to the agreement entered with Artec Aqua AS in 2019, the company has had a significant volume of transactions with Artec Aqua AS during 2020 related to the ongoing construction of the land-based salmon production facilities. The Group has also pursued one material transaction with Vikomar AS relating to the ongoing construction of the land-based salmon production facilities.

There were no receivables from or non-current liabilities to related parties as of 31.12.20

Outlook

Going into 2021, Salmon Evolution can look back at a ground-breaking year. Founded in 2017 with an ambition to solve some of the most fundamental challenges in the conventional salmon farming industry, 2020 marked the successful transformation from a project to a fully operational listed company.

From being a company with eight employees as per end of 2019, the workforce is expected to grow to around 35 employees as per end of 2021.

Throughout 2020 Salmon Evolution raised NOK 810 million in equity and NOK 111 million in grants with a further NOK 500 million raised in March 2021. Given the capital-intensive nature of land-based salmon farming, having a solid financial position is essential in securing efficient project execution. Together with the mentioned bank debt financing for Indre Harøy, Salmon Evolution is fully funded for the realization of phase 1 at Indre Harøy and our expansion into South Korea.

2020 has also been a very special year in light of the Covid-19 pandemic. During these challenging times, Salmon Evolution's highest priority is to safeguard its employees, suppliers, and other partners, where focus is to follow and implement the local and national advice regarding COVID-19. Looking ahead, the global roll out of vaccines gives reason for optimism and a belief that the world gradually starts reverting to normality over the next quarters.

Despite of the challenges in connection with the pandemic, Salmon Evolution has been able to maintain solid construction progress and is on track for first smolt release during spring 2022.

Several critical milestones under our construction project have also been reached

during 2020 with most of groundworks being completed, finalization of wastewater tunnel and preparations for installation of fish tanks. Over the coming months the massive magnitude of our project at Indre Harøy will become very visual following the installation of the fish tanks which commenced early April.

With a sound financial platform in place, Salmon Evolution can put all efforts in preparing for the next major milestone which is first smolt release. Throughout 2021 the company will grow its workforce significantly and undertake a significant job in building up internal quality and control system ahead of our production start. This also includes significant efforts as to our commercial strategy with respect to sales and distribution where we have high ambitions.

The formalization of our joint venture with Dongwon Industries in South Korea is also a strong testament to the scalability of Salmon Evolution's business model. The company has strong international ambitions and is confident that the structure we now have in place have the correct attributes to secure a successful execution of the project.

South Korea is a highly attractive market with strong growth and solid potential for premium pricing. By teaming up with a first-class partner like Dongwon Industries, Salmon Evolution is able to leverage its operations in a capital efficient manner while at the same time fast-tracking and de-risking the project.

Following a reduction in salmon prices during 2020 on the back of the Covid-19 pandemic, the salmon market has seen a significant recovery during 2021, even on relatively high volumes. Taking into account that the food service market remains very challenging with shutdowns still active in major markets and that global supply of salmon will likely only see

limited growth the next couple of years, Salmon Evolution is optimistic about the market outlook and expects salmon prices to remain at healthy levels for the foreseeable future. With such backdrop, Salmon Evolution is confident that land-based salmon farming will play an important role in meeting the increasing demand for salmon in the coming years.

Although there are many land-based projects being planned, Salmon Evolution does not see this as an immediate threat to salmon supply. Firstly, lead times are very long. Secondly, many of the projects lack financing which we

think will be a challenge for many to obtain. Finally, access to people and competence will likely be an increasing bottleneck in the coming years which will favour the already established players.

In this respect, Salmon Evolution is very pleased with having secured a solid financial platform and taken a first mover position with a very tangible timeline as to production start and first harvest.



**The Board of Directors of Salmon Evolution Holding ASA
Molde/Ålesund 21 April 2021**

Tore Tønseth
Chair

Kristofer Reiten
Director

Anne Breiby
Director




Peder Stette
Director



Glen Allan Bradley
Director



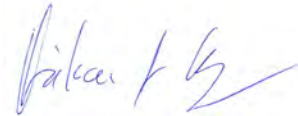
Yun Ki Yun
Director



Ingvild Vartdal
Director



Janne-Grethe Strand Aasnæs
Director



Håkon André Berg
CEO

Statement from the Board of Directors and the CEO

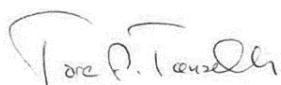
Today, the Board of Directors and the Chief Executive Officer reviewed and approved the Board of Director's report and the consolidated financial statements for Salmon Evolution Holding ASA, for the year ended 31 December 2020.

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 2020 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 2020 for the Group
- The Board of Directors' report for the Company includes a fair review of:
 - a) the development and performance of the business and the position of the Group, and
 - b) the principal risks and uncertainties the Group face

The Board of Directors of Salmon Evolution Holding ASA Molde/Ålesund 21 April 2021



Tore Tønseth
Chair



Kristofer Reiten
Director



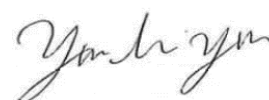
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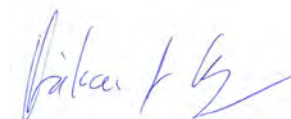
Yun Ki Yun
Director



Ingvild Vartdal
Director



Janne-Grethe Strand Aasnæs
Director



Håkon André Berg
CEO

Group consolidated financial statements (IFRS)

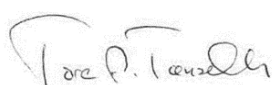
Consolidated statement of income

Summary of result (figures in NOK 1000)	Note	YTD 2020	YTD 2019
Total operating income	9,18	704	-175
Personnel expenses	10,19	-8 877	-3 754
Depreciations	5,17	-550	-181
Other operating expenses	11	-8 954	-7 752
Operating profit (EBIT)		-17 676	-11 862
Financial income	12	1 114	622
Financial expenses	12	-263	-30
Financial expense - net		850	593
Profit/loss before tax		-16 826	-11 269
Income tax expense	6	0	0
Profit/loss for the period		-16 826	-11 269

Consolidated statement of financial position

(figures in NOK 1000)	Note	31 Dec 2020	31 Dec 2019
Assets			
Intangible assets	5	432	0
Assets under construction	5,8	219 926	25 546
Property, plant & equipment	5	331	352
Right-of-use assets	17	1 678	712
Total non-current assets		222 367	26 610
Other current receivables	8,14	22 638	2 749
Cash and cash equivalents	4,13	647 806	21 124
Total current assets		670 444	23 873
Total assets		892 810	50 483
Equity and liabilities			
Share capital	16	10 987	1 500
Share premium	16	804 369	49 500
Other reserves		2 974	780
Other equity		520	0
Uncovered losses		-30 407	-13 581
Total equity		788 442	38 198
Long-term interest bearing debt	3,4	0	1 500
Lease liabilities - long term	3,4,17	933	227
Total non-current liabilities		933	1 727
Short-term interest bearing debt	3,4	40 000	0
Trade payables	3,4,15,18	60 104	8 401
Social security and other taxes	15	1 144	799
Lease liabilities - short term	3,4,17	696	394
Other current liabilities	15	1 491	963
Total current liabilities		103 435	10 557
Total liabilities		104 368	12 285
Total equity and liabilities		892 810	50 483


The Board of Directors of Salmon Evolution Holding ASA
 Molde/Ålesund 21 April 2021



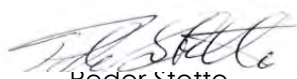
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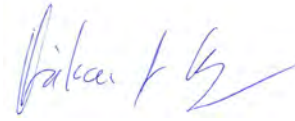
Yun Ki Yun
Director



Ingvild Vartdal
Director



Janne-Grethe Strand Aasnæs
Director



Håkon André Berg
CEO

Consolidated statement of cash flow

(figures in NOK 1000)	Note	2020	2019
Cash flow from operations			
Profit before income taxes		-16 826	-11 269
Adjustments for:			
Depreciation	5	550	181
Net interest		-850	-593
Share based payment expenses	19	2 714	780
Gain on lease modification	17	-7	0
Changes in working capital:			
Change in other current receivables		-20	0
Change in trade payables		2 695	-2 049
Change in social security and other taxes		345	8 235
Change in other current liabilities		528	1 570
Cash generated from operations		-10 871	-3 146
Interest paid		-263	-30
Interest received		1 114	622
Net cash flow from operations		-10 021	-2 553
Cash flow from investment activities			
Payments for fixed assets and other capitalizations	5	-165 529	-25 021
Payments for intangible assets		-432	0
Net cash flow from investment activities		-165 961	-25 021
Cash flow from financing activities			
Proceeds from issue of equity		764 355	50 000
Proceeds from new borrowings	4	40 000	0
Repayment of borrowings		-1 500	-1 500
Repayment of lease liabilities	16	-191	-172
Net cash flow from financing activities		802 664	48 328
Net change in cash and cash equivalents		626 682	20 753
Cash and cash equ. at the beginning of the period		21 124	370
Cash and cash equ. at the end of the period		647 806	21 124

Consolidated statement of changes in equity

(figures in NOK 1000)	Share capital	Share premium	Other reserves	Other equity	Uncovered losses	Total equity
Balance at 1 January 2019	1 000	0	0	0	-2 312	-1 312
Profit/loss for the period	0	0	0	0	-11 269	-11 269
Other comprehensive income	0	0	0	0	0	0
Total comprehensive income	0	0	0	0	-11 269	-11 269
Capital increase, net of transaction costs	500	49 500	0	0	0	50 000
Share options issued	0	0	780	0	0	780
Transactions with owners	500	49 500	780	0	0	50 780
Balance at 31 December 2019	1 500	49 500	780	0	-13 581	38 198
Balance at 1 January 2020	1 500	49 500	780	0	-13 581	38 198
Profit/loss for the period	0	0	0	0	-16 826	-16 826
Other comprehensive income	0	0	0	0	0	0
Total comprehensive income	0	0	0	0	-16 826	-16 826
Capital increase, net of transaction costs	9 457	752 901	0	0	0	762 357
Share options issued	0	0	2 714	0	0	2 714
Share options exercised	30	1 968	-520	520	0	1 998
Transactions with owners	9 487	754 869	2 194	520	0	767 069
Balance at 31 December 2020	10 987	804 369	2 974	520	-30 407	788 442

Notes to the annual financial statements 2020

Note 1 Summary of significant accounting principles

General information

Salmon Evolution Holding ASA (the "Company") and its subsidiary Salmon Evolution AS ("SE"), jointly referred to as "the Group", is a Norwegian business headquartered in Molde in Møre og Romsdal. SE is in the process of constructing a land-based salmon farming facility at Indre Harøy with a planned annual harvesting capacity of 31,500 tonnes HOG. The build-out is expected to be in three phases, with the first phase expected to consist of land acquisition, building of foundation, water pumps supporting the facility and build out of 12 grow out tanks. SE will operate a hybrid flowthrough system ("HFS"), replacing the water every four hours with clear and fresh water from the Norwegian coast. Construction start of phase I was in Q1 2020 with 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 first harvest in Q4 2022. Phase II consists of build out of an additional 12 grow out tanks with first smolt entered in Q1 2024. The business plan also includes a build-out of a smolt & hatchery facility. The last construction phase, phase III, consists of build-out of an additional 24 grow out tanks. Expected completion of phase III is during 2028.

Consolidation

Salmon Evolution Holding ASA (converted from a limited liability company (AS) into a public limited company (ASA) on 19 March 2021) was incorporated on 23 July 2020 prior to the planned listing on Euronext Growth (previously Merkur Market) which was completed on 18 September 2020. These consolidated statements for the period ended 31 December 2020 include Salmon Evolution Holding ASA together with its subsidiary Salmon Evolution AS. Please note that the comparable financial statement periods (i.e. 2019 and 31 December 2019) only reflects Salmon Evolution 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 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

The consolidated financial statements of the Group for the year ended 31 December 2020 comply with IFRS as endorsed by EU. The consolidated financial statements ended 31 December 2020 comprise the income statement, statement of comprehensive income, statement of financial position, statement of cash flow, statement of changes in equity and note disclosures.

Going concern

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

Basis of measurement

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

Use of estimates

Critical accounting judgments and estimates are disclosed in note 2.

Functional and presentation currency

Items included in the financial statements are presented in the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Norwegian kroner (NOK), which is the Groups' 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 19. 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 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.

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 Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

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

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

Current tax and deferred tax for the year

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

Leases

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

The Group recognizes a right-of-use ("ROU") asset and a lease liability at the lease commencement date. The lease liability is calculated based on the present value of the contractual minimum lease payments using the implicit interest rate of the lease. The Group 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 4 and 15 for further information about the Group's accounting for trade receivables, loans, other receivables, and credit risk.

Property, plant & equipment

Property, plant, and equipment is 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 Group has adequate resources to complete the development.

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

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 2020, and 2019, 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 Group's normal operating cycle or falls due or is expected to be realized within 12 months after the end of the reporting date. Assets that do not fall under this definition is classified as non-current. Liabilities are classified as current when they are expected to be settled in the normal operating cycle of the Group or are expected to be settled within 12 months after the reporting date, or if the Group does not have an unconditional right to postpone settlement for at least 12 months after the reporting date. Liabilities that do not fall under this definition are classified as non-current.

Trade and Other Receivables

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

Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method.

Borrowings derecognized when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in consolidated statement of profit or loss within the line other financial items, net.

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

The Group has entered into loan agreements during Q4 2020, of which the following principles related to borrowing costs have been 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 capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

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

Trade and Other Payables

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

Pensions

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

Statement of cash flows

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 Group's accounting policies.

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

1) Capitalised costs as assets under construction

As part of the construction of the Group's production facilities, the Group has 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. The allocation key is employee-based and has been calculated based on the employees that are directly involved in the assets under construction's share of the total salary in the Group. Reference is made to note 5 for details of additions to "assets under construction".

Note 3 Financial risk and capital management

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

Market risk

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 31 December 2020, outstanding loans from credit institutions amounted to NOK 40 000 000 and is subject to an interest rate of NIBOR 3M plus an agreed margin of 4,50%.

Interest rate sensitivity

NOK thousands	2020	2019
Interest expense effect of a 1% increase on floating interest rate	111	3

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 31 December 2020 the Group did not hold any cash balances, pay any expense, nor receive any revenue in currencies other than its presentation and functional currency. The Group's presentation currency is Norwegian Kroner ("NOK").

Credit risk

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

31 December 2020	Less than 3 months	3-12 months	1-5 years
NOK thousands			
Borrowings	0	40 000	0
Lease liabilities	171	526	933
Trade payables	60 104	0	0
Total financial liabilities	60 275	40 526	933

31 December 2019	Less than 3 months	3-12 months	1-5 years
NOK thousands			
Borrowings	0	0	1 500
Lease liabilities	97	298	227
Trade payables	8 401	0	0
Total financial liabilities	8 498	298	1 727

Covid-19

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

The company has taken necessary measures in all sites and locations to be able to limit the spread of the virus and has not registered any infection among the company's employees or contracted workers. At the same time, the company works to ensure that the construction work progress on time and budget.

The Management has identified the following risk factors that may impact the company going-forward:

- Currency exchange risks which may impact the construction costs of the land-based salmon facility, measured in NOK.
- Long-term effects on salmon prices which may impact the financial results when the company starts to generate revenue from the sale of salmon
- Delays in the construction of the company's land-based farming facility as a result of any impacts on the company's subcontractors

Note 4 - Financial assets and financial liabilities

Financial assets		
NOK thousands	31 Dec 2020	31 Dec 2019
Financial assets at amortised cost:		
Cash and cash equivalents	647 806	21 124
Other current receivables	22 638	2 749
Total financial assets	670 444	23 873

Financial liabilities		
NOK thousands	31 Dec 2020	31 Dec 2019
Financial liabilities at amortised cost:		
Short-term interest-bearing debt	40 000	1 500
Lease liabilities	1 630	622
Trade payables	60 104	8 401
Social security and other taxes	1 144	799
Other current liabilities	1 491	963
Total financial liabilities	104 368	12 285

Interest bearing debt		
NOK thousands	31 Dec 2020	31 Dec 2019
Short-term interest-bearing debt	40 000	1 500
Lease liabilities	1 630	622
Total interest-bearing debt	41 630	2 122
Current portion	40 696	0
Non-current portion	933	1 727
Total interest-bearing debt	41 630	1 727

The Group entered into three new loan agreements as part of the financing of the property at Indre Harøy, the location of the land-based farming facility under construction. The loans were paid out in November 2020. The loans are according to the loan agreements repayable in full on 1 September 2021 and are as such classified as part of current liabilities in the statement of financial position on 31 December 2020. The loans will be refinanced as part of a new syndicate loan arrangement before the maturity date of the loans.

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

Incurred interest expenses and establishing fees are capitalized as part of assets under construction in accordance with IAS 23.

Note 5 - Property, plant and equipment and intangible assets

NOK thousands	Intangible assets	Assets under construction	Fixtures and fittings	Total
Cost 1 January 2020	0	25 546	450	25 997
Additions	432	194 379	289	195 100
Disposals	0	0	0	0
Cost 31 December 2020	432	219 926	739	221 097
Accumulated depreciation 1 January 2020	0	0	(99)	(99)
Depreciation for the period	0	0	(310)	(310)
Net book value 31 December 2020	432	219 926	331	220 688

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

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 on 31 December 2020 consisted mainly of capitalised costs related to the land acquisition at Indre Harøy and the turnkey project with Artec Aqua for building a land-based salmon farming facility at Indre Harøy, Møre og Romsdal.

The intangible asset is related to a trademark considered to have a perpetual life. The trademark is not amortized.

Capitalization of costs as asset under construction:

Costs incurred recognised as part of "Other operating expenses" in the "Consolidated Statement of Profit or Loss" during 2020 has been capitalized as on 31 December 2020 as these costs are deemed to be part of the ongoing assets under construction and qualify for capitalisation in accordance with IAS 16. As a result, the reported "Other operating expenses" in 2020 reflects the incurred costs during this period, net of such capitalized costs related to the entire 12 months period ending 31 December 2020 which amounted to approximately NOK 2m.

Contractual and financial commitments

The Group is in the process of building a land-based salmon farming facility at Indre Harøy. The turnkey project agreement 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 31 December 2020:

NOK thousands	31 Dec 2020
Ground enterprise contract	153 458
Engineering	55 981
Technical equipment	33 960
Fishing tanks	26 274
Concrete element	21 167
Fish handling and transport	5 503
Total financial commitments	296 343

Note 6 - Taxes

Calculation of deferred tax/deferred tax benefit

NOK thousands	2020	2019
Fixed assets	(4 757)	12
Right-of-use assets	1 678	712
Lease liabilities	(1 755)	(747)
Other current liabilities	0	(216)
Net temporary differences	(4 833)	(239)
Tax losses carried forward	(73 841)	(13 861)
Basis for deferred tax	(78 674)	(14 100)
Deferred tax (22%)	(17 308)	(3 102)
Deferred tax benefit not recognized in the balance sheet*	17 308	3 102
Deferred tax in the balance sheet	-	-

*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.

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

NOK thousands	2020	2019
Result before taxes	(16 826)	(11 269)
Permanent differences*	(47 748)	1 054
Basis for the tax expense in the current year	(64 574)	(10 215)
Change in temporary differences	4 594	239
Basis for payable taxes in the income statement	(59 980)	(9 976)

*The permanent differences in 2020 mainly relates to costs in connection with the Group's listing on Euronext Growth, in addition to tax incentive scheme ("Skattefunn") as described further in note 8.

Components of the tax expense

NOK thousands	2020	2019
Payable tax on this year's result	-	-
Total payable tax	-	-
Change in deferred tax	(14 206)	(2 247)
Change in deferred tax not shown in the balance sheet	14 206	2 247
Tax expense	-	-
NOK thousands	2020	2019
Result before taxes	(16 826)	(11 269)
Calculated tax (22%)	(3 702)	(2 479)
Tax expense	-	-
Difference	3 702	2 479

The difference consists of:

Tax on permanent differences	(10 505)	232
Change in tax rate	-	-
Change in deferred tax	-	-
Change in deferred tax due to change in tax rate	-	-
Change in deferred tax not shown in the balance sheet	14 206	2 247
Sum explained differences	3 702	2 479

Note 7 – Earnings per share

NOK thousands	2020 Consolidated	2019
Loss attributable to the equity owners of the Parent company	(16 826)	(11 269)
Loss for calculation of diluted earnings per share	(16 826)	(11 269)
Weighted average number of shares outstanding ¹⁾	126 555 681	29 166 667
Dilutive options	-	-
Average number of shares and options used in calculation for diluted EPS	126 555 681	29 166 667
Basic earnings per share (NOK)	(0,13)	(0,39)
Diluted earnings per share (NOK)	(0,13)	(0,39)

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

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.

1)

2020: Salmon Evolution AS issued 77,503,182 new shares in a capital raise in March 2020. On July 3rd 2020: Salmon Evolution Holding ASA was incorporated by issuing 600,000 shares. Further, the Company carried out a private placement including contribution in kind issuing 119,131,088 new

shares on 23. July 2020. Lastly, the Company issued 100,000,000 new shares in connection with the listing of its shares on Merkur Market (now Euronext Growth). The weighted average number of shares outstanding as of 31 December 2020 has been calculated by applying a weight of 3/12 to the number of shares before the capital raise in March 2020 (30,000,000 shares), 4/12 to the total number of shares after such capital raise (107,503,182 shares), 1/12 to the total number of shares after the private placement (119,731,088 shares) and 4/12 to the total number of shares after the initial public offering (219,731,088 shares)

2019: The Company issued 500 new shares in a capital raise in January 2019. Further there was a share split conducted in June 2019 that increased the number of shares to 30,000,000. In accordance with IAS 33.64, a retrospective adjustment of the weighted average number of shares has been made due to the share split. As such, the weighted average number of shares outstanding in H1 2019 has been calculated by applying a weight of 1/12 to the number of shares after the share split held by the shareholders prior to the capital raise in January 2019 (20,000,000 shares), and 11/12 to the total number of shares after the share split held by the shareholders after the capital raise (30,000,000 shares).

Note 8 – Government grants

The Group has received a commitment from The Norwegian Research Council (Norsk Forskningsråd) for three projects. The grant is given for one period of three years and is related to the tax incentive scheme "SkatteFUNN" which is a government program designed to stimulate research and development (R&D) in Norwegian trade and industry. The receivable is accounted for as a short-term receivable from the tax authorities. In the financial accounts, the receivable related to the grant is netted against the related asset's acquisition cost. Grants for 2020 amounted to NOK 4,750,000.

NOK thousands	2020
Systems for water treatment in large-scale land based salmon farming	13 542
Logistics systems in large-scale land-based salmon farming	8 775
Washing and disinfection in land-based salmon farming	9 576
Total "SkatteFUNN" project costs in 2020	31 893

Further, the Group has received a commitment from Enova. Enova SF is owned by the Ministry of Climate and Environment and contributes to reduced greenhouse gas emissions, development of energy and climate technology and a strengthened security of supply. The total commitment from Enova is up to NOK 96,862,500 and the grant is given over a period of approx. two years. In the financial accounts, the receivable related to the grant is netted against the related asset's acquisition cost. Grants for 2020 amounted to NOK 430,723.

NOK thousands	2020
Energy-efficient land-based food fish plant for salmon	876
Total "Enova" project costs in 2020	876

Government grants 2019

Government grants in 2019 was related to "RDA funds", given in order 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 grant was recognized as other income in the income statement.

Note 9 – Other income

NOK thousands	2020	2019
Other income	704	(175)
Total other operating expenses	704	(175)

Other income in 2020 was mainly related to the following two transactions. NOK 667 thousand related to the sale of surplus material from the development area, while NOK 30 thousand related to sale of consulting hours.

Other income was in 2019 related to "RDA funds", given in order to compensate for being located in a municipality with higher rates for employer's national insurance contribution. The grant was considered a subsidy and part of the government's efforts to support the aquaculture industry and the industry in the region itself.

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

NOK thousands	2020	2019
Salaries	8 479	7 835
Social security	1 312	265
Pensions	500	266
Other benefits	797	385
Share-based payments	2 714	780
Gross personnel expenses	13 802	9 531
- Capitalized costs	(4 925)	(5 777)
Total personnel expenses recognized in P&L	8 877	3 754

Number of full-time employment equivalents	8	6
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During the ordinary course of business, the Group 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. No loans or guarantees have been given to the members of the board of directors or executive management.

Remuneration and compensation to members of the board

NOK thousands	2020	2019
Tore Tønseth (Chairman of the Board) – From March 2020	80	na.
Kristofer Reiten (Member of the Board) – Chairman until March 2020	240	140
Glen Bradley (Member of the Board)	140	29
Frode Kjølås (Member of the Board)	140	29
Peder Stette (Member of the Board)	140	29
Ingjarl Skarvøy (Member of the Board) – Until March 2020	100	41
Per Olav Mevold (Member of the Board) – Until March 2020	100	70
Anders Sandøy (Member of the Board) – Until March 2020	100	29
Frank Småge (Member of the Board) – Until March 2020	100	29
Jonny Småge (Member of the Board) – Until March 2020	na.	41
Total board of Directors	1 140	438

Remuneration and compensation to executive management 2020

NOK thousands	Salary	Pension	Other	Total
Håkon André Berg (CEO/CFO) ¹⁾	1 819	60	22	1 901
Ingjarl Skarvøy (COO) ²⁾	1 366	63	155	1 584
Trond Valderhaug (CCO) ³⁾	381	18		400
Kamilla Mordal Holo (Project Director)	1 008	48	11	1 066
Odd Tore Finnøy (CEO) ⁴⁾	1 553	-		1 560
			7	
Total executive management	6 127	189	195	6 511

1) Håkon André Berg was appointed CEO in the spring of 2020 after serving as CFO from November 2019.

2) Ingjarl Skarvøy was also a member of the Board and wages presented in the table above are net of such remuneration.

3) Trond Valderhaug was appointed CCO in October 2020.

4) Odd Tore Finnøy resigned as CEO following the appointment of Håkon André Berg.

5) Trond Håkon Schaug-Petterson has been appointed as CFO with effect from 1 January 2021.

Håkon André Berg (CEO), Ingjarl Skarvøy (COO) and Trond Håkon Schaug-Petterson (CFO) have all non-compete clauses in their employment agreements which entitle them to a compensation corresponding to 6 month's severance pay.

Remuneration and compensation to executive management 2019

NOK thousands	Salary	Pension	Other	Total
Ingjarl Skarvøy (CEO/COO) ¹⁾	1282	64	97	1444
Odd Tore Finnøy (CEO) ²⁾	844	42	8	895
Håkon André Berg (CFO) ³⁾	233	12	500	745
Kamilla Mordal Holo (Project Director) ⁴⁾	513	26	8	547
Total executive management	2873	144	614	3630

1) Ingjarl 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.

4) Kamilla Mordal Holo was appointed in May 2019.

Auditor's remuneration

NOK thousands	2020	2019
Statutory audit	205	20
Other services	117	11
Total	322	31

Note 11 – Other operating expenses

NOK thousands	2020	2019
Cost of premises	156	90
Hired equipment	23	99
Other operating and administrative expenses	2 110	2 026
Insurance	173	92
Consultancy fees	6 493	5 445
Total other operating expenses	8 954	7 752

Note 12 – Financial income and expenses

NOK thousands	2020	2019
Interest income	1 114	622
Financial income	1 114	622
Interest expense	(29)	(3)
Interest expense lease liability	(28)	(27)
Other financial expenses	(206)	0
Financial expense	(263)	(30)
Net financial income (expense)	851	593

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

Note 13 - Cash and restricted cash

NOK thousands	31 Dec 2020	31 Dec 2019
Cash in bank	647 009	20 578
Restricted bank deposits	796	546
Total cash and cash equivalents	647 806	21 124

Restricted cash are related to tax withholdings for employees (NOK 0.796m). The Group has no undrawn credit facilities as of 31 December 2020.

Note 14 - Other current receivables

NOK thousands	31 Dec 2020	31 Dec 2019
Prepaid expenses	58	227
VAT receivable	16 860	2 172
Other receivables	539	350
Government grant ("Enova")	431	0
Tax incentive scheme ("Skattefunn")	4 750	0
Total other current receivables	22 638	2 749

As of 31 December 2020 and 2019, the Group's other current receivables were due within one year and considered fully collectible. Accordingly, the fair value of the Group's other current receivables was equal to nominal value, no bad debt was recognized for the year 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 2020 and 2019, the Group's other current receivables, specified by currencies, consisted of the following:

NOK thousands	31 Dec 2020	31 Dec 2019
NOK	22 638	2 749
Other	0	0
Total other current receivables	22 638	2 749

Note 15 - Trade and other current liabilities

NOK thousands	31 Dec 2020	31 Dec 2019
Trade payables	60 104	8 401
Total trade payables	60 104	8 401

NOK thousands	31 Dec 2020	31 Dec 2019
Payroll withholding tax	796	546
Employer's national insurance contributions	347	253
Total social security and other taxes	1 144	799

NOK thousands	31 Dec 2020	31 Dec 2019
Accrued employer's social security contribution	121	72
Accrued salaries, holiday pay and bonus provisions	1 024	675
Severance pay accrual	0	216
Accrued interest expense	277	0
Other current liabilities	69	0
Total other current liabilities	1 491	963

Note 16 - Share capital

	Outstanding	Nominal value
Ordinary shares	219 731 088	0,05
NOK thousands		
	31 Dec 2020	31 Dec 2019
Share capital	10 987	1 500
Share premium	804 369	49 500
Total	815 355	51 000

The number of shares issued in the Company at 31 December 2020 was 219 731 088 with a nominal value of NOK 0.05 each. All shares carry equal voting rights.

Salmon Evolution AS issued 77,503,182 new shares in a capital raise in March 2020. On July 3rd 2020, Salmon Evolution Holding AS was incorporated by issuing 600,000 shares. Further, the Group carried out a private placement including contribution in kind issuing 119,131,088 new shares on 23 July 2020. Lastly, the Company issued 100,000,000 new shares in connection with the listing of its shares on Merkur Market (now Euronext Growth).

20 largest shareholders as of 31.12.20

	No of shares	Percentage share
Ronja Capital AS	25 021 021	11.4 %
Romsdalsfisk AS	20 256 006	9.2 %
Farvatn Private Equity AS	15 427 212	7.0 %
The Bank of New York Mellon SA/NV	14 451 124	6.6 %
Rofisk AS	12 107 508	5.5 %
Hongkong And Shanghai Banking Corp	11 627 906	5.3 %
Stette Invest AS	10 402 672	4.7 %
Kjølås Stansekniver AS	9 706 006	4.4 %
Jakob Hatteland Holding AS	8 706 006	4.0 %
Artec Holding AS	7 806 006	3.6 %
Verdipapirfondet Dnb Norge	5 736 528	2.6 %
Verdipapirfondet Norge Selektiv	5 686 575	2.6 %
Salmoserve AS	3 459 546	1.6 %
Vpf Dnb Am Norske Aksjer	3 286 106	1.5 %
SEB Prime Solutions CARN	3 213 759	1.5 %
Klaveness Marine Finance AS	2 526 308	1.1 %
Småge Eiendom AS	2 200 000	1.0 %
Verdipapirfondet DNB Miljøinvest	2 097 324	1.0 %
Verdipapirfondet Delphi Norge	2 066 611	0.9 %
Ocean Supreme Holding AS	2 041 501	0.9 %
Total 20 largest shareholders	167 825 725	76.4 %
Other shareholders	51 905 363	23.6 %
Total number of shares outstanding	219 731 088	100.0%

As of 31 December 2020, 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
Ingjarl Skarvøy (COO) (Terra Mare AS)	1 800 150	0,8 %
Kristofer Reiten (Member of the Board) (Bortebakken AS)	728 000	0,3 %
Glen Allan Bradley (Member of the Board) (Ocean Industries AS and private)	1 470 000	0,7 %
Frode Håkon Kjølås (Member of the Board) (Kjølås Stansekniver AS)*	9 706 006	4,4 %
Peder Stette (Member of the board) (Stette Invest AS)	10 402 672	4,7 %
Håkon André Berg (CEO) (Carried Away AS)	75 075	0,0 %
Kamilla Mordal Holo (Project Director) (C10 Holding AS)	60 060	0,0 %
Total	24 241 963	11,0 %

*Frode Håkon Kjølås resigned as a director on 18 March 2021

Note 17 – Leases

Amounts recognised in the balance sheet

NOK thousands	31 Dec 2020	31 Dec 2019
Right-of-use assets		
Rent of premises	919	363
Car	205	349
Office supply	554	0
Total right-of-use assets	1 678	712
Lease liabilities		
Current	696	394
Non-current	933	227
Total lease liabilities	1 630	622

Additions to right-of-use assets in 2020 were NOK 1,524 thousand and related to new premises and office supply.

The Groups previous rental agreement for premises, recognized as a right-of-use asset as of 31 December 2019, was amended to end on 30 June 2020. As a result of this lease modification, the Group has during 2020 realised a gain of NOK 7 thousand.

Amounts recognised in the statement of profit or loss

NOK thousands	2020	2019
Depreciation right-of-use assets		
Rent of premises	145	218
Car	145	84
Office supply	50	0
Gross depreciation	340	302
- Capitalized as assets under construction	(100)	(220)
Net depreciation	240	82
Interest expense lease liability	28	27

The total cash outflow for leases in 2020 was NOK 319 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 Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the company, which does not have recent third-party financing, and
- makes adjustments specific to the lease, eg term, country, currency and security.

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

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

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

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

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

Note 18 - Related party transactions

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

During the year 2019, the Group entered into an agreement with Artec Aqua AS, a subsidiary of Artec Holding AS, where the Group 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 Group. There were no transactions that affected the financial statements in 2019 as a result of this agreement.

Pursuant to the agreement entered with Artec Aqua AS in 2019, the Group has had a significant volume of transactions with Artec Aqua AS during 2020 related to the ongoing construction of the land-based salmon production facilities. The Group has also pursued one material transaction with Vikomar AS relating to the ongoing construction of the land-based salmon production facilities.

Income from related parties:

NOK thousands	2020
Vikomar AS	5 046
Total income from related parties (Incl. VAT)	5 046

Expenses to related parties:

NOK thousands	2020
Artec Aqua AS	169 762
Carried Away AS	15
Total expenses to related parties (Incl. VAT)	169 777

Current liabilities to related parties

NOK thousands	31.12.2020
Artec Aqua AS	56 293
Total current liabilities to related parties	56 293

There were no receivables from or non-current liabilities to related parties as of 31.12.20.

Note 19 - Share based payments

The Company has granted options to employees as of 31 December 2020. The options have been granted at different points in time during the year, and key assumptions listed below are as such averages of the different grants. Each option gives the holder the right to subscribe or purchase shares in the Company at an average agreed exercise price of NOK 5.25. The options were granted on 25 August 2020 and 28 September 2020 and has 18-month maturity. The options can be exercised at earliest, 12 months after the grant date. To account for this, an adjusted Black & Scholes option-pricing model is used by applying a weighted expected average life of 15 months.

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

Outstanding options (in thousands)	2020	2019
Outstanding options 1 January	900	0
Options granted	1 625	900
Options exercised	600	0
Options forfeited	300	0
Outstanding options at end of period	1 625	900

NOK thousands	2020	2019
Charges to income statement	2 714	780

Key assumptions	2020	2019
Average fair value (NOK)	5,25	3,33
Average exercise price (NOK)	5,25	3,33
Weighted expected average life (in years)	1,25	0,53
Estimated dividend per share (NOK)	0,00	0,00
Expected average volatility	71,3 %	90,8 %
Risk-free rate	0,21 %	1,13 %

Note 20 - Events after the reporting date

Joint Venture

On 26 February 2021 the Group signed a joint venture term sheet with Dongwon Industries for a 49/51 owned joint venture to develop, construct and operate a land-based salmon farming facility in South Korea using Salmon Evolution's HFS technology. The project is aiming to achieve an annual capacity of 20,000 tonnes LWE or 16,800 tonnes HOG.

Salmon Evolution and Dongwon target construction start during 2022, with commencement of grow out production in 2024. The term sheet was later formalized into definitive agreements on 31 March 2021.

Successful Private Placement

On 11 March 2021 the Company announced that a Private Placement was successfully placed through the conditional allocation of 83,333,333 shares, each at a subscription price of NOK 6,00 per share, raising gross proceeds of approx. NOK 500 million. Following completion of the Private Placement the Company have a share capital of NOK 15,153,221 divided through 303,064,421 shares, each with a nominal value of NOK 0.05.

Following this Private Placement and combined with the expected bank debt financing for Indre Harøy phase 1, the Group is fully financed for the first building phase at Indre Harøy, and have the needed equity contribution for the development in South Korea and K-Smart Farming.

Conversion to public limited company

At the extraordinary general meeting that was held on 18 March 2021 the shareholders approved a conversion of the legal form of the Company from a private limited liability company (AS) to a public limited liability company (ASA).

In addition to this, the board of directors has resolved to initiate a process for applying for an up-listing of the Company's Shares to the main list at Oslo Stock exchange and aims to complete such up-listing during Q2/Q3 2021.

Signed committed term sheet for NOK 625 million debt financing package

On 16 April 2021 the Company announced that it had entered into a committed term sheet (the "Term Sheet") with Nordea as agent and Sparebanken Vest as co-lender (jointly the "Lenders") 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 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 the Lenders (the “Term Loan Facility”)
- NOK 140 million in a separate long term loan facility with a third-party lender (the “Third-Party Loan”). The Third-Party Loan will be subject to a coordination agreement with the Lenders and the Company has a separate process ongoing to secure and finalize this facility
- NOK 100 million senior secured overdraft facility (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 is partly guaranteed by the Norwegian Export Credit Guarantee Agency (“GIEK”). The Term Loan Facility will be repaid over a 15-year profile and have a 3-year term from completion of Indre Harøy phase 1 with 2x1 year extension options.

Credit committee approvals have been undertaken by both the Lenders and GIEK and the debt financing package is further subject to customary conditions precedent, including due diligence and finalization and signing of legally binding documentation.

The Company expects closing of the respective facilities during Q2 2021.

Parent company financial statement

Income statement

Summary of result

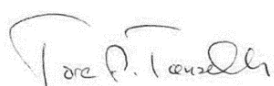
(figures in NOK 1000)

	Note	2020
Total operating income		0
Personnel expenses		0
Depreciations		0
Other operating expenses		-20
Operating profit (EBIT)		-20
Financial income		394
Financial expenses		-124
Financial expense - net		270
Profit/loss before tax		251
Income tax expense	4	0
Profit/loss for the period		251

Balance sheet

(figures in NOK 1000)	Note	31 Dec 2020
Assets		
Investment in subsidiaries	2	279 230
Total non-current assets		279 230
Other current receivables		189
Cash and cash equivalents		520 245
Total current assets		520 434
Total assets		799 663
Equity and liabilities		
Share capital	6	10 987
Share premium	5,6	783 183
Other reserves		2 714
Other equity		0
Retained earnings		251
Total equity		797 134
Trade payables		599
Current liabilities to Group Companies	3	1 930
Total non-current liabilities		2 529
Total liabilities		2 529
Total equity and liabilities		799 663


The Board of Directors of Salmon Evolution Holding ASA Molde/Ålesund 21 April 2021



Tore Tønseth
Chair



Kristofer Reiten
Director



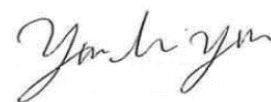
Anne Breiby
Director



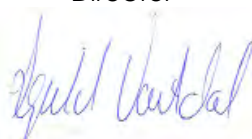
Peder Stette
Director



Glen Allan Bradley
Director



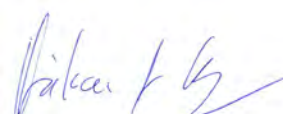
Yun Ki Yun
Director



Ingvild Vartdal
Director



Janne-Grethe Strand Aasnæs
Director



Håkon André Berg
CEO

Cash flow

(figures in NOK 1000)	Note	2020
Cash flow from operations		
Profit before income taxes		251
Adjustments for:		
Net interest		-270
Changes in working capital:		
Change in other current receivables		-189
Change in trade payables		599
Change in current liabilities to Group companies (excl. Group contribution)		1 679
Change in other current liabilities		0
Cash generated from operations		2 070
Interest paid		-124
Interest received		394
Net cash flow from operations		2 340
Cash flow from investment activities		
Investment in Group Companies	2	-276 516
Net cash flow from investment activities		-276 516
Cash flow from financing activities		
Founding capital		30
Proceeds from issue of equity, net of paid transaction costs		794 140
Proceeds from intercompany borrowings	3	0
Net cash flow from financing activities		794 170
Net change in cash and cash equivalents		519 994
Cash and cash equ. at the beginning of the period		0
Cash and cash equ. at the end of the period		519 994

Statement of changes in equity

(figures in NOK 1000)	Share capital	Share premium	Retained Earnings	Other reserves	Total equity
Balance at 1 January 2020	0	0	0	0	0
Profit/loss for the period	0	0	251	0	251
Other comprehensive income	0	0	0	0	0
Total comprehensive income	0	0	251	0	251
Incorporation, 3 July 2020	30	0	0	0	30
Capital increase, net of transaction costs	10 957	783 183	0	0	794 140
Share options issued	0	0	0	2 714	2 714
Transactions with owners	10 987	783 183	0	2 714	796 854
Balance at 31 December 2020	10 987	783 183	251	2 714	797 134

Note 1 - Summary of significant accounting policies

General information

Salmon Evolution Holding ASA (the "Company") is a Norwegian business headquartered in Molde in Møre og Romsdal and is listed on Euronext Growth with the ticker symbol "SALME". Salmon Evolution Holding ASA owns the following subsidiary;

- Salmon Evolution AS ("SE"), headquartered and located in Molde, Norway.

The Company and SE are jointly referred to as the "Group".

SE is in the process of constructing a land-based salmon farming facility at Indre Harøy with a planned annual harvesting capacity of 31,500 tonnes HOG. The build-out is expected to be in three phases, with the first phase expected to consist of land acquisition, building of foundation, water pumps supporting the facility and build out of 12 grow out tanks. SE will operate a hybrid flowthrough system ("HFS"), replacing the water every four hours with clear and fresh water from the Norwegian coast. Construction start of phase I was in Q1 2020 with 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 first harvest in Q4 2022. Phase II consists of build out of an additional 12 grow out tanks with first smolt entered in Q1 2024. The business plan also includes a build-out of a smolt & hatchery facility. The last construction phase, phase III, consists of build-out of an additional 24 grow out tanks. Expected completion of phase III is during 2028.

Basis of preparation and accounting principles

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

Accounting period

The Company was incorporated on 3 July 2020. As such, the accounting period for the financial statements are 3 July 2020 - 31 December 2020.

Going concern

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

Basis of measurement

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

Investments in subsidiaries

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

Dividends and group contributions

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

Classification of current and non-current items

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

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.

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 and Other Receivables

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

Trade and other payables

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

Statement of cash flows

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

Note 2 - Investments in subsidiaries

NOK thousands	Location and place of business	Ownership/ voting right	Equity 31.12.20 (100%)	Result 2020 (100%)	Balance sheet value
Salmon Evolution AS	Molde, Norway	100 %	270 789	(17 076)	279 230
Balance sheet value as of 31 December 2020					279 230

Investments in subsidiaries are valued at cost in the company accounts. The investment is valued as cost of acquiring shares, providing they are not impaired. An impairment loss is recognised for the amount by which the carrying amount of the subsidiary exceeds its recoverable amount. The recoverable amount is the higher of fair value less cost to sell and value in use. The recoverable amount of an investment in a subsidiary would normally be based on the present value of the subsidiary's future cash flow. As of 31.12.2020 no impairment indicators were assessed to be present for the Company's investments.

Movement in investment in subsidiaries during 2020 is analysed in the following way:

NOK thousands	
Opening balance 03 July 2020	276 516
Share options issued	2 714
Closing balance 31 December 2020	279 230

Note 3 - Intercompany balances and intercompany transactions

NOK thousands	Non-current receivables	Current receivables	Non-current liabilities	Current liabilities
Salmon Evolution AS	0	0	-	1 930
Total intercompany balances	0	0	-	1 930

Intercompany and related party transactions:

The current liabilities to Salmon Evolution AS are related to receivable expenses incurred in Salmon Evolution AS regarding the capital raising in Salmon Evolution Holding AS.

Intercompany and related party transactions:

There were no other transactions with group companies and related parties in 2020 or 2019.

Note 4 – Taxes

Calculation of deferred tax/deferred tax benefit

NOK thousands	2020
Fixed assets	0
Right-of-use assets	0
Lease liabilities	0
Other current liabilities	0
Net temporary differences	0
Tax losses carried forward	32 096
Basis for deferred tax	32 096
Deferred tax (22%)	7 061
Deferred tax benefit not recognized in the balance sheet*	(7 061)
Deferred tax in the balance sheet	-

*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.

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

NOK thousands	2020
Result before taxes	251
Permanent differences*	(32 346)
Basis for the tax expense in the current year	(32 096)
Change in temporary differences	-
Basis for payable taxes in the income statement	(32 096)

*The Permanent differences in 2020 mainly relates to costs in connection with the Company's listing in Euronext Growth.

Components of the tax expense

NOK thousands	2020
Payable tax on this year's result	-
Change in deferred tax	(7 061)
Change in deferred tax not shown in the balance sheet	7 061
Tax expense	-

Note 5 - Personnel expenses, remuneration to the board and auditor's fee

Personnel expenses and remuneration to executives

There are no employees in the Company. Remuneration to members of the board and executive management was expensed through subsidiary Salmon Evolution AS. For details of compensation to the Board of Directors and executive management, refer to Note 10 in the consolidated Group Financial Statements

Auditor's remuneration expensed in 2020

NOK thousands	2020
Statutory audit	-
Other services	40
Total	40

Fees of NOK 40,000 was paid to the auditor for confirmation of capital deposits at the foundation of the Company. The amount is recognised in the balance sheet as part of the Capital increase.

Note 6 – Share capital

	Outstanding	Nominal value
Ordinary shares	219 731 088	0,05

NOK thousands	31 Dec 2020	31 Dec 2019
Share capital	10 987	0
Share premium	783 183	0
Total	794 170	0

The number of shares issued in the Company on 31 December 2020 was 219,731,088 with a nominal value of NOK 0.05 each. All shares carry equal voting rights.

On 3 July 2020, Salmon Evolution Holding AS was established issuing 600,000 shares. Further, the Company carried out a private placement including contribution issuing 119,131,088 new shares on 23 July 2020. Lastly, the Company issued 100,000,000 new shares in connection with the initial public offering of its shares in connection with the listing on Merkur Market (now Euronext growth).

The overview of the 20 largest shareholders as of 31.12.20 and shares held by members of the Board of Directors, Chief Executive Offices and Executive Management is included in Note 16 – Share capital of the Group's notes to the consolidated financial statements.

Note 7 – Events after reporting date

Joint Venture

On 26 February 2021 the Group signed a joint venture term sheet with Dongwon Industries for a 49/51 owned joint venture to develop, construct and operate a land-based salmon farming facility in South Korea using Salmon Evolution's HFS technology. The project is aiming to achieve an annual capacity of 20,000 tonnes LWE or 16,800 tonnes HOG.

Salmon Evolution and Dongwon target construction start during 2022, with commencement of grow out production in 2024. The term sheet was later formalized into definitive agreements on 31 March 2021.

Successful Private Placement

On 11 March 2021 the Company announced that a Private Placement was successfully placed through the conditional allocation of 83,333,333 shares, each at a subscription price of NOK 6.00 per share, raising gross proceeds of approx. NOK 500 million. Following completion of the Private Placement the Company have a share capital of NOK 15,153,221 divided through 303,064,421 shares, each with a nominal value of NOK 0.05.

Following this Private Placement and combined with the expected bank debt financing for Indre Harøy phase 1 as per signed committed term sheet, the Group is fully financed for the first building phase at Indre Harøy, and have the needed equity contribution for the development in South Korea and K-Smart Farming.

Conversion to public limited company

At the extraordinary general meeting that was held on 18 March 2021 the shareholders approved a conversion of the legal form of the Company from a private limited liability company (AS) to a public limited liability company (ASA).

In addition to this, the board of directors has resolved to initiate a process for applying for an up-listing of the Company's Shares to the main list at Oslo Stock exchange and aims to complete such up-listing during Q2/Q3 2021.

Signed committed term sheet for NOK 625 million debt financing package

On 16 April 2021 the Company announced that it had entered into a committed term sheet (the "Term Sheet") with Nordea as agent and Sparebanken Vest as co-lender (jointly the "Lenders") 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 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 the Lenders (the "Term Loan Facility")

- NOK 140 million in a separate long term loan facility with a third-party lender (the “Third-Party Loan”). The Third-Party Loan will be subject to a coordination agreement with the Lenders and the Company has a separate process ongoing to secure and finalize this facility
- NOK 100 million senior secured overdraft facility (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 is partly guaranteed by the Norwegian Export Credit Guarantee Agency (“GIEK”). The Term Loan Facility will be repaid over a 15 year profile and have a 3 year term from completion of Indre Harøy phase 1 with 2x1 year extension options.

Credit committee approvals have been undertaken by both the Lenders and GIEK and the debt financing package is further subject to customary conditions precedent, including due diligence and finalization and signing of legally binding documentation.

The Company expects closing of the respective facilities during Q2 2021.

Independent Auditor's Report

To the General Meeting in Salmon Evolution Holding ASA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Salmon Evolution Holding ASA.

<p>The financial statements comprise:</p> <ul style="list-style-type: none">• The financial statements of the parent company, which comprise the balance sheet as at 31 December 2020, income statement, statement of changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and• The financial statements of the group, which comprise the balance sheet as at 31 December 2020, and income statement, statement of changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.	<p>In our opinion:</p> <ul style="list-style-type: none">• The financial statements are prepared in accordance with the law and regulations.• The accompanying financial statements give a true and fair view of the financial position of Salmon Evolution Holding ASA as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.• The accompanying financial statements give a true and fair view of the financial position of the group Salmon Evolution Holding ASA as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.
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Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises the Board of Directors' report and other information in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation and fair presentation of the financial statements for the parent company in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, and for the preparation of the group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to:

<https://revisorforeningen.no/revisjonsberetninger>

Report on Other Legal and Regulatory Requirements


Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements and the going concern assumption is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's and the Group's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Molde, 21 April 2021
BDO AS



Roald Viken
State Authorised Public Accountant

Important of abbreviations used in this report

LW: Live weight
HOG: Head on gutted
HFS: Hybrid flow-through system
ESG: Environmental, Social and Governance
CAGR: Compounded Annual Growth Rate

ABOUT SALMON EVOLUTION

Salmon Evolution is 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 Holding ASA is listed at Euronext Growth under the ticker SALME.



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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)
Items that are or may be reclassified to profit or loss:			
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
Assets				
Assets under construction	6	25 546	975	469
Property, plant & equipment	6	352	0	0
Right-of-use assets	17	712	0	0
Total non-current assets		26 610	975	469
Other current receivables	14	2 749	700	457
Cash and cash equivalents	13	21 124	370	111
Total current assets		23 873	1 070	568
Total assets		50 483	2 046	1 037
Equity and liabilities				
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)
Total equity		38 198	(1 312)	661
Long-term interest bearing debt	4,5	1 500	1 500	0
Lease liabilities - long term	17	227	0	0
Total non-current liabilities		1 727	1 500	0
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
Total current liabilities		10 557	1 858	375
Total liabilities		12 285	3 358	375
Total equity and liabilities		50 483	2 046	1 037

Statement of cash flows

NOK thousands	Note	2019	2018
Cash flow from operations			
Profit before income taxes		(11 269)	(1 974)
Adjustments for:			
Depreciation	6,17	181	0
Net interest	12,17	(593)	9
Share based payment expenses	19	780	0
Changes in working capital:			
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)
Cash flow from investments			
Purchase of fixed assets and other capitalizations	6	(25 021)	(506)
Net cash flow from investments		(25 021)	(506)
Cash flow from financing			
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
Balance at 1 January 2018	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
Total comprehensive income	0	0	0	(1 974)	(1 974)
Capital increase	0	0	0	0	0
Transactions with owners	0	0	0	0	0
Balance at 31 December 2018	1 000	0	0	(2 312)	(1 312)
Profit/loss for the period	0	0	0	(11 269)	(11 269)
Other comprehensive income	0	0	0	0	0
Total comprehensive income	0	0	0	(11 269)	(11 269)
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
Balance at 31 December 2019	1 500	49 500	780	(13 581)	38 198

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 over 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 are 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 are 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		IFRS
		NGAAP	Adjustments	
Assets				
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
Equity and liabilities				
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	31 December 2018			
	Note	NGAAP	Adjustments	IFRS
Assets				
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
Equity and liabilities				
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
Assets				
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
Equity and liabilities				
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)
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	(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
Basic earnings per share (NOK)	(0,41)	(1 973,5)
Diluted earnings per share (NOK)	(0,41)	(1 973,5)

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 Kjølås (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) ¹⁾	1282	64	97	1444
Odd Tore Finnøy (CEO) ²⁾	844	42	8	895
Håkon André Berg (CFO) ³⁾	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 %
Kjølås 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 %
Frøde Håkon Kjølås (Member of the Board) (Kjølås 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
Right-of-use assets		
Rent of premises	363	0
Car	349	0
Total right-of-use assets	712	0
Lease liabilities		
Current	394	0
Non-current	227	0
Total lease liabilities	622	0

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
Depreciation right-of-use assets		
Rent of premises	218	0
Car	84	0
Gross depreciation	302	0
- Capitalized as assets under construction	(220)	0
Net depreciation	82	0
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 its 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

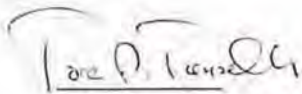
Today, the Board of Directors and the Chief Executive Officer reviewed and approved the Board of Director's report and the annual financial statements for Salmon Evolution AS, for the year ended 31 December, 2019 (Annual report 2019).

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.

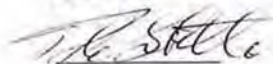
To the best of our knowledge:

- 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, 25th of August 2020



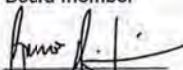
Tore Andreas Tønseth
Chairman



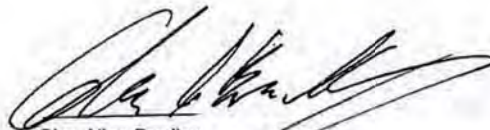
Peder Stette
Board member



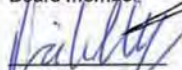
Kristoffer Reiten
Board member



Frode Hakon Kjølås
Board member



Glen Allan Bradley
Board member



Håkon A Berg
CEO

Independent Auditor's Report

To Salmon Evolution AS

Opinion

We have audited the financial statements of Salmon Evolution AS.

<p>The financial statements comprise:</p> <ul style="list-style-type: none">• The balance sheet as at 31 December 2019• The income statement, statement of comprehensive income for 2019• Statement of changes in equity• Statement of cash flows for the year that ended 31 December 2019• Notes to the financial statements, including a summary of significant accounting policies	<p>In our opinion:</p> <p>The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.</p>
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Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to:

<https://revisorforeningen.no/revisjonsberetninger>

Molde, 31th of August 2020

BDO AS

A handwritten signature in blue ink that reads 'Roald Viken'. The signature is written in a cursive style with a large initial 'R'.

Roald Viken

State Authorized Public Accountant

Årsregnskap 2018
Salmon Evolution AS

Resultatregnskap

Salmon Evolution AS

Driftsinntekter og driftskostnader	Note	2018	2017
Salgsinntekt		1 150 000	425 000
Sum driftsinntekter		1 150 000	425 000
Lønnskostnad	1	1 181 788	495 682
Annen driftskostnad	1	1 933 154	268 828
Sum driftskostnader		3 114 942	764 510
Driftsresultat		-1 964 942	-339 510
Finansinntekter og finanskostnader			
Annen renteinntekt		400	811
Annen finanskostnad		8 988	0
Resultat av finansposter		-8 588	811
Ordinært resultat før skattekostnad		-1 973 530	-338 699
Skattekostnad på ordinært resultat	3	175 651	-175 651
Årsresultat		-2 149 181	-163 048
Overføringer			
Overført til udekket tap		2 149 181	163 048
Sum overføringer	7	-2 149 181	-163 048

Balanse

Salmon Evolution AS

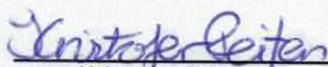
Eiendeler	Note	2018	2017
Anleggsmidler			
<i>Immaterielle eiendeler</i>			
Utsatt skattefordel	3	0	175 651
Sum immaterielle eiendeler		<u>0</u>	<u>175 651</u>
<i>Varige driftsmidler</i>			
Anlegg under utførelse	2	975 322	468 835
Sum varige driftsmidler		<u>975 322</u>	<u>468 835</u>
Sum anleggsmidler		<u>975 322</u>	<u>644 486</u>
Omløpsmidler			
<i>Fordringer</i>			
Andre kortsiktige fordringer		700 030	456 941
Sum fordringer		<u>700 030</u>	<u>456 941</u>
<i>Bankinnskudd, kontanter o.l</i>			
Bankinnskudd, kontanter o.l.	4	370 383	110 931
Sum bankinnskudd, kontanter o.l		<u>370 383</u>	<u>110 931</u>
Sum omløpsmidler		<u>1 070 413</u>	<u>567 872</u>
Sum eiendeler		<u>2 045 735</u>	<u>1 212 357</u>

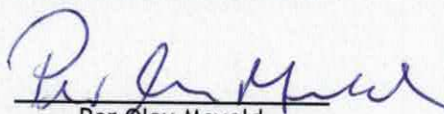
Balanse

Salmon Evolution AS

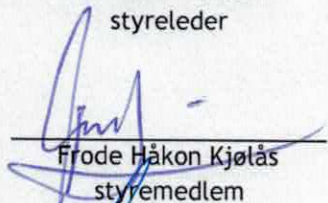
Egenkapital og gjeld	Note	2018	2017
Egenkapital			
<i>Innskutt egenkapital</i>			
Aksjekapital	6, 7, 8	1 000 000	1 000 000
Sum innskutt egenkapital		<u>1 000 000</u>	<u>1 000 000</u>
<i>Opptjent egenkapital</i>			
Udekket tap	7	-2 312 230	-163 048
Sum opptjent egenkapital		<u>-2 312 230</u>	<u>-163 048</u>
Sum egenkapital		<u>-1 312 230</u>	<u>836 952</u>
Gjeld			
<i>Annen langsiktig gjeld</i>			
Gjeld til kredittinstitusjoner		1 500 000	0
Sum annen langsiktig gjeld		<u>1 500 000</u>	<u>0</u>
<i>Kortsiktig gjeld</i>			
Leverandørgjeld		166 564	130 406
Skyldig offentlige avgifter		69 095	66 911
Kortsiktig konserngjeld	5	1 500 000	0
Annen kortsiktig gjeld		122 306	178 088
Sum kortsiktig gjeld		<u>1 857 964</u>	<u>375 405</u>
Sum gjeld		<u>3 357 964</u>	<u>375 405</u>
Sum egenkapital og gjeld		<u>2 045 734</u>	<u>1 212 357</u>

Aukra, 25.03.2019
Styret i Salmon Evolution AS



Kristofer Reiten
styreleder

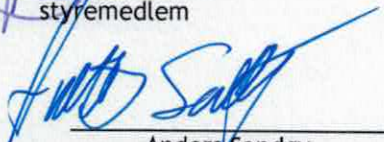

Per Olav Mevold
styremedlem


Ingjard Atle Skarvøy
daglig leder


Frode Håkon Kjølås
styremedlem


Peder Stette
styremedlem


Glen Allan Bradley
styremedlem


Anders Sandøy
styremedlem


Frank Småge
styremedlem

Noter til regnskapet 2018

Regnskapsprinsipper

Årsregnskapet er satt opp i samsvar med regnskapsloven og god regnskapsskikk for små foretak.

Bruk av estimater

Utarbeidelse av regnskap i samsvar med regnskapsloven krever bruk av estimater. Videre krever anvendelse av selskapets regnskapsprinsipper at ledelsen må utøve skjønn.

Salgsinntekter

Inntekter ved salg av varer og tjenester vurderes til virkelig verdi av vederlaget, netto etter fradrag for merverdiavgift, returer, rabatter og andre avslag.

Salg av varer inntektsføres når risiko og kontroll i all hovedsak er overført kjøperen. Salg av tjenester inntektsføres etter hvert som de er levert.

Klassifisering og vurdering av balanseposter

Eiendeler bestemt til varig eie eller bruk er klassifisert som anleggsmidler. Anleggsmidler er vurdert til anskaffelseskost. Omløpsmidler og kortsiktig gjeld omfatter normalt poster som forfaller til betaling innen ett år etter balansedagen, samt poster som knytter seg til varekretsløpet. Omløpsmidler vurderes til laveste verdi av anskaffelseskost og antatt virkelig verdi.

Fordringer klassifiseres som omløpsmidler hvis de skal tilbakebetales i løpet av ett år. For gjeld er analoge kriterier lagt til grunn. Første års avdrag på langsiktige fordringer og langsiktig gjeld klassifiseres likevel ikke som omløpsmiddel og kortsiktig gjeld.

Enkelte poster er vurdert etter andre regler. Postene det gjelder vil være blant de postene som omhandles nedenfor.

Varige driftsmidler

Varige driftsmidler balanseføres og avskrives lineært til restverdi over driftsmidlenes forventede utnyttbare levetid. Ved endring i avskrivningsplan fordeles virkningen over gjenværende avskrivningstid ("knekkpunktmetoden"). Vedlikehold av driftsmidler kostnadsføres løpende. Påkostninger eller forbedringer tillegges driftsmidlets kostpris og avskrives i takt med driftsmidlet. Skillet mellom vedlikehold og påkostning/forbedring regnes i forhold til driftsmidlets stand ved kjøp av driftsmidlet. Tomter avskrives ikke.

Nedskrivning av anleggsmidler

Ved indikasjon på at balanseført verdi av et anleggsmiddel er høyere enn virkelig verdi, foretas det test for verdifall. Testen foretas for det laveste nivå av anleggsmidler som har selvstendige kontantstrømmer. Hvis balanseført verdi er høyere enn både salgsverdi og gjenvinnbart beløp, foretas det nedskrivning til det høyeste av salgsverdi og gjenvinnbart beløp. Gjenvinnbart beløp er det høyeste av netto salgsverdi og bruksverdi. Bruksverdi er nåverdi av fremtidige kontantstrømmer knyttet til eiendelen. Tidligere nedskrivninger, med unntak for nedskrivning av goodwill, reverseres hvis grunnlaget for nedskrivningen ikke lenger er til stede.

Fordringer

Kundefordringer og andre fordringer er oppført i balansen til pålydende etter fradrag for avsetning til forventet tap. Avsetning for tap gjøres på grunnlag av individuelle vurderinger av de enkelte fordringene. I tillegg gjøres det for øvrige kundefordringer en uspesifisert avsetning for å dekke antatt tap.

Skatt

Skattekostnaden i resultatregnskapet omfatter både periodens betalbare skatt og endring i utsatt skatt. Utsatt skatt beregnes med 22 % på grunnlag av de midlertidige forskjeller som eksisterer mellom regnskapsmessige og skattemessige verdier, samt eventuelt ligningsmessig underskudd til fremføring ved utgangen av regnskapsåret. Skatteøkende og skattereduserende midlertidige forskjeller som reverserer eller kan reversere i samme periode er utlignet og nettoført.

Netto utsatt skattefordel balanseføres ikke, i samsvar med unntaksreglene for små foretak.

Noter til regnskapet 2018

Note 1 Lønnskostnader, antall ansatte, godtgjørelser, lån til ansatte mm

Lønnskostnader	2018	2017
Lønninger	1 048 230	454 918
Arbeidsgiveravgift	102 645	42 594
Pensjonskostnader	0	0
Andre ytelser	30 914	-1 830
Sum	1 181 788	495 682

Gjennomsnittlig antall årsverk sysselsatt i regnskapsåret	1	1
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Ytelser til ledende personer	Daglig leder	Styret
Lønn	1 016 648	0
Annen godtgjørelse	57 706	0
Sum	1 074 354	0

OTP

Selskapet er pliktig til å ha tjenstepensjonsordning etter lov om obligatorisk tjenstepensjon. Selskapets pensjonsordninger tilfredsstiller kravene i denne lov.

Revisor

Kostnadsført honorar til revisor for 2018 utgjør kr 41 200,- ekskl.mva.

Lovpålagt revisjon	29 100
Andre tjenester	12 100
Sum honorar til revisor	41 200

Note 2 Varige driftsmidler

	Anlegg under utførelse	Totalt
Anskaffelseskost 01.01	468 835	468 835
Tilgang	506 487	506 487
Avgang	0	0
Anskaffelseskost 31.12	975 322	975 322
Akk. av-/nedskrivninger 31.12	0	0
Balanseført verdi 31.12	975 322	975 322
Årets avskrivninger	0	0

Noter til regnskapet 2018

Note 3 Skatt

Årets skattekostnad	2018	2017
Resultatført skatt på ordinært resultat:		
Betalbar skatt	0	0
Endring i utsatt skattefordel	175 651	-175 651
Skattekostnad ordinært resultat	175 651	-175 651
Skattepliktig inntekt:		
Ordinært resultat før skatt	-1 973 530	-338 699
Permanente forskjeller	-1 148 146	-425 000
Endring i midlertidige forskjeller	0	0
Skattepliktig inntekt	-3 121 676	-763 699
Betalbar skatt i balansen:		
Betalbar skatt på årets resultat	0	0
Sum betalbar skatt i balansen	0	0

Skatteeffekten av midlertidige forskjeller og underskudd til fremføring som har gitt opphav til utsatt skatt og utsatte skattefordeler, spesifisert på typer av midlertidige forskjeller:

	2018	2017	Endring
Akkumulert fremførbart underskudd	-3 885 375	-763 699	3 121 676
Inngår ikke i beregningen av utsatt skatt	3 885 375	0	-3 885 375
Grunnlag for beregning av utsatt skatt	0	-763 699	-763 699
Utsatt skattefordel (22 % / 23 %)	0	-175 651	-175 651

I henhold til God regnskapsskikk for små foretak balanseføres ikke utsatt skattefordel.

Note 4 Bankinnskudd

	2018	2017
Bundne skattetrekkmidler	49 014	33 454

Note 5 Mellomværende med selskap i samme konsern

Gjeld	2018	2017
Kortsiktig gjeld	-1 500 000	0
Sum gjeld	-1 500 000	0

Noter til regnskapet 2018

Note 6 Antall aksjer, aksjeeiere m

Aksjekapital	Antall	Pålydende	Balanseført
Ordinære aksjer	1 000	1 000	1 000 000
Aksjonærer:		Antall aksjer	Eierandel
Romsdalsfisk AS		850	85 %
Terra Mare AS		150	15 %
Sum		1 000	100 %

Selskapet har en aksjeklasse og alle aksjer har lik stemmerett.

Aksjer eiet indirekte gjennom andre selskaper av styremedlemmer og daglig leder

Kristofer Reiten	styrets leder	303
Per Olav Mevold	styremedlem	349
Ingjarl Atle Skarvøy	daglig leder	150

Note 7 Egenkapital

	Aksjekapital	Udekket tap	Sum egenkapital
Pr. 01.01	1 000 000	-163 048	836 952
Årets resultat		-2 149 181	-2 149 181
Pr 31.12	1 000 000	-2 312 229	-1 312 229

Note 8 Fortsatt drift

Styret er kjent med at aksjekapitalen var tapt og at egenkapitalen var negativ per 31.12.2018. Selskapet har imidlertid gjennomført en kapitalforhøyelse på NOK 50 mill i januar 2019. Styret anser derfor selskapets egenkapital som tilfredsstillende per dags dato og legger med bakgrunn i dette fortsatt drift til grunn for regnskapsavleggelsen for 2018.

Uavhengig revisors beretning

Til generalforsamlingen i Salmon Evolution AS

Uttalelse om revisjonen av årsregnskapet

Konklusjon

Vi har revidert Salmon Evolution AS' årsregnskap.

<p>Årsregnskapet består av:</p> <ul style="list-style-type: none">• Balanse per 31. desember 2018• Resultatregnskap for 2018• Noter til årsregnskapet, herunder et sammendrag av viktige regnskapsprinsipper.	<p>Etter vår mening:</p> <p>Er årsregnskapet avgitt i samsvar med lov og forskrifter og gir et rettviseende bilde av selskapets finansielle stilling per 31. desember 2018, og av dets resultater for regnskapsåret avsluttet per denne datoen i samsvar med regnskapslovens regler og god regnskapsskikk i Norge.</p>
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Grunnlag for konklusjonen

Vi har gjennomført revisjonen i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder de internasjonale revisjonsstandardene International Standards on Auditing (ISA-ene). Våre oppgaver og plikter i henhold til disse standardene er beskrevet i Revisors oppgaver og plikter ved revisjon av årsregnskapet. Vi er uavhengige av selskapet slik det kreves i lov og forskrift, og har overholdt våre øvrige etiske forpliktelser i samsvar med disse kravene. Etter vår oppfatning er innhentet revisjonsbevis tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

Styret og daglig leders ansvar for årsregnskapet

Styret og daglig leder (ledelsen) er ansvarlig for å utarbeide årsregnskapet i samsvar med lov og forskrifter, herunder for at det gir et rettviseende bilde i samsvar med regnskapslovens regler og god regnskapsskikk i Norge. Ledelsen er også ansvarlig for slik internkontroll som den finner nødvendig for å kunne utarbeide et årsregnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil.

Ved utarbeidelsen av årsregnskapet må ledelsen ta standpunkt til selskapets evne til fortsatt drift og opplyse om forhold av betydning for fortsatt drift. Forutsetningen om fortsatt drift skal legges til grunn for årsregnskapet så lenge det ikke er sannsynlig at virksomheten vil bli avviklet.

Revisors oppgaver og plikter ved revisjonen av årsregnskapet

Vårt mål er å oppnå betryggende sikkerhet for at årsregnskapet som helhet ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil, og å avgi en revisjonsberetning som inneholder vår konklusjon. Betryggende sikkerhet er en høy grad av sikkerhet, men ingen garanti for at en revisjon utført i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder ISA-ene, alltid vil avdekke vesentlig feilinformasjon som eksisterer. Feilinformasjon kan oppstå som følge av misligheter eller utilsiktede feil. Feilinformasjon blir vurdert som vesentlig dersom den enkeltvis eller samlet med rimelighet kan forventes å påvirke økonomiske beslutninger som brukerne foretar basert på årsregnskapet.

For videre beskrivelse av revisors oppgaver og plikter vises det til:
<https://revisorforeningen.no/revisjonsberetninger>

Uttalelse om øvrige lovmessige krav

Konklusjon om registrering og dokumentasjon

Basert på vår revisjon av årsregnskapet som beskrevet ovenfor, og kontrollhandlinger vi har funnet nødvendig i henhold til internasjonal standard for attestasjonsoppdrag (ISAE) 3000 «Attestasjonsoppdrag som ikke er revisjon eller forenklet revisorkontroll av historisk finansiell informasjon», mener vi at ledelsen har oppfylt sin plikt til å sørge for ordentlig og oversiktlig registrering og dokumentasjon av selskapets regnskapsopplysninger i samsvar med lov og god bokføringsskikk i Norge.

Molde, 1. april 2019
BDO AS



Roald Viken
Statsautorisert revisor

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APPENDIX B—ARTICLES OF ASSOCIATION

Vedtekter

SALMON EVOLUTION ASA

(Org. Nr. 925 344 877)

Fastsatt 19. mai 2021

- § 1 Selskapets foretaksnavn er Salmon Evolution ASA. Selskapet er et allmennaksjeselskap, med forretningskontor i Molde kommune.
- § 2 Selskapets virksomhet er investeringer og drift av landbasert produksjon av laksefisk, nasjonalt og internasjonalt, og investeringer i selskaper som har tilknytning til havbruksnæringen.
- § 3 Selskapets aksjekapital er NOK 15 153 221,05 fordelt på 303 064 421 aksjer, hver pålydende NOK 0,05. Selskapets aksjer skal være registrert i Verdipapirsentralen (VPS).
- § 4 Selskapets styre består av 5 til 9 styremedlemmer etter generalforsamlingens nærmere beslutning. Selskapets firma tegnes av styrets leder og ett styremedlem i fellesskap. Styret kan meddele prokura.
- § 5 Selskapets generalforsamling skal innkalles ved skriftlig henvendelse til alle aksjonærer med kjent adresse.

Når dokumenter som gjelder saker som skal behandles på generalforsamlingen, er gjort tilgjengelige for aksjonærene på selskapets internettsider, gjelder ikke lovens krav om at dokumentene skal sendes til aksjonærene. Dette gjelder også dokumenter som etter lov skal inntas i eller vedlegges innkallingen til generalforsamlingen. En aksjonær kan likevel kreve å få tilsendt dokumenter som gjelder saker som skal behandles på generalforsamlingen.

Articles of association

SALMON EVOLUTION ASA

(Company. No. 925 344 877)

Adopted 19 May 2021

- § 1 The company's business name is Salmon Evolution ASA. The company is a public limited liability company, having its registered office in the municipality of Molde.
- § 2 The company's operations are investments and land-based salmon farming, both nationally and internationally, and investments in companies connected to the aquaculture industry.
- § 3 The company's share capital is NOK 15,153,221.05 divided into 303,064,421 shares, each with nominal value NOK 0.05. The Company's shares shall be registered with the Norwegian Central Securities Depository (Nw: *Verdipapirsentralen*).
- § 4 The Company's Board of Directors consists of between 5 and 9 directors pursuant to the general meeting's further decision. The chairman of the Board of Directors together with one Director jointly have the right to sign for and on behalf of the Company. The Board of Directors may grant procuration.
- § 5 Notice of the General Meeting shall be made by written notification to all shareholders with a known address.

Provided documents concerning items to be discussed at the General Meeting are made available at the company's web-site, the requirement of mailing the documents to the shareholders does not apply. This also applies for documents which, according to the law, shall be included in or attached to the notice of General Meeting. Despite this, each shareholder is entitled to request that the documents concerning items to be discussed at the General Meeting are mailed.

The company may set a deadline in the Notice of General Meeting for registration of attendance to the General Meeting, which shall

Selskapet kan i innkallingen angi en frist for påmelding som ikke må utløpe tidligere enn fem (5) dager før generalforsamlingen.

Styret kan bestemme at aksjonærene skal kunne avgi sin stemme skriftlig, herunder ved bruk av elektronisk kommunikasjon, i en periode før generalforsamlingen. For slik stemmegivning skal det benyttes en betryggende metode for å autentisere avsenderen.

Generalforsamlingen ledes av styrets leder eller den han oppnevner. På den ordinære generalforsamling skal følgende spørsmål behandles og avgjøres:

- a) Godkjenning av årsregnskap og årsberetning, herunder utdeling av utbytte.
- b) Andre saker som etter lov eller vedtekter hører under generalforsamlingen.

Selskapet kan avholde generalforsamling i Oslo kommune.

§ 6 Selskapet skal ha en valgkomité som består av minst 3 medlemmer som velges av generalforsamlingen. Medlemmene velges for en periode på to år. Generalforsamlingen fastsetter godtgjørelsen til valgkomiteen.

Valgkomiteen foreslår kandidater til styre og valgkomiteen, og honorarer for medlemmene av disse organer. Generalforsamlingen kan vedta instruks for valgkomiteen.

not fall earlier than five (5) days prior to the General Meeting.

The Board can decide that the shareholders shall be able to cast votes in writing, including by electronic communication, in a period prior to the General Meeting. For such voting an adequate method to authenticate the sender shall be used.

The Chairman of the Board or a person designated by him shall preside at the General Meeting. The Annual General Meeting shall discuss and decide on the following matters.

- a) Approval of the annual accounts and the annual report, including distribution of dividend, if any.
- b) Other matters that pursuant to law or the Articles of Association fall under the authority of the general meeting

The Company's General Meetings may be held in the municipality of Oslo.

§ 6 The company shall have a nomination committee consisting of minimum 3 members to be elected by the general meeting. The members shall be elected for a period of two years. The general meeting determines the remuneration to the nomination committee.

The nomination committee propose candidates for members of the board and the nomination committee, and remuneration to the members of these bodies. The general meeting may decide on guidelines for the nomination committee.

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REGISTERED OFFICE, ADVISORS AND INDEPENDENT AUDITOR

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