



Extending the ocean potential

Q4 2021

SALMON
EVOLUTION®

Salmon Evolution – Extending the Ocean Potential

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

- Utilizing a hybrid flow-through (“HFS”) system with 30%-35% fresh seawater intake, reducing complexity and biological risk and securing optimal growth at low cost
- First production facility under construction at Indre Harøy in Norway, with annual harvesting capacity of 31,500 tonnes HOG fully developed
- Joint venture with Dongwon Industries for a 16,800 tonnes HOG production facility in South Korea – planned construction start in 2022 and first grow-out production targeted in 2024
- On track for ~25,000 tonnes capacity by 2024, clear roadmap for 70,000 by 2030
- Listed on Oslo Stock Exchange main list from July 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 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



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South Korea project illustration (Source: Dongwon)



Highlights in the quarter

- Excellent project execution – on track for first smolt release in March 2022 – capex in line with budget
- Commissioning phase started - first tank filled with seawater in January 2022
- Entered strategic feed partnership with Cargill, combined with USD 5 million private placement towards Cargill
- Entered into green purchase power agreement with Statkraft, securing the vast majority of electricity needs through 2023 at attractive terms, confirming original budget assumptions
- Secured NOK 52 million debt financing package relating to Kraft Laks
- Kraft Laks smolt continuing to perform well, expected average release weight for first smolt of around 300 gram
- Available liquidity of NOK 983 million per 31 December 2021 including committed undrawn credit facilities

Subsequent events

- Initiated phase 2 preparations at Indre Harøy – signed Heads of Terms with Artec Aqua for phase 2 build-out

Key figures

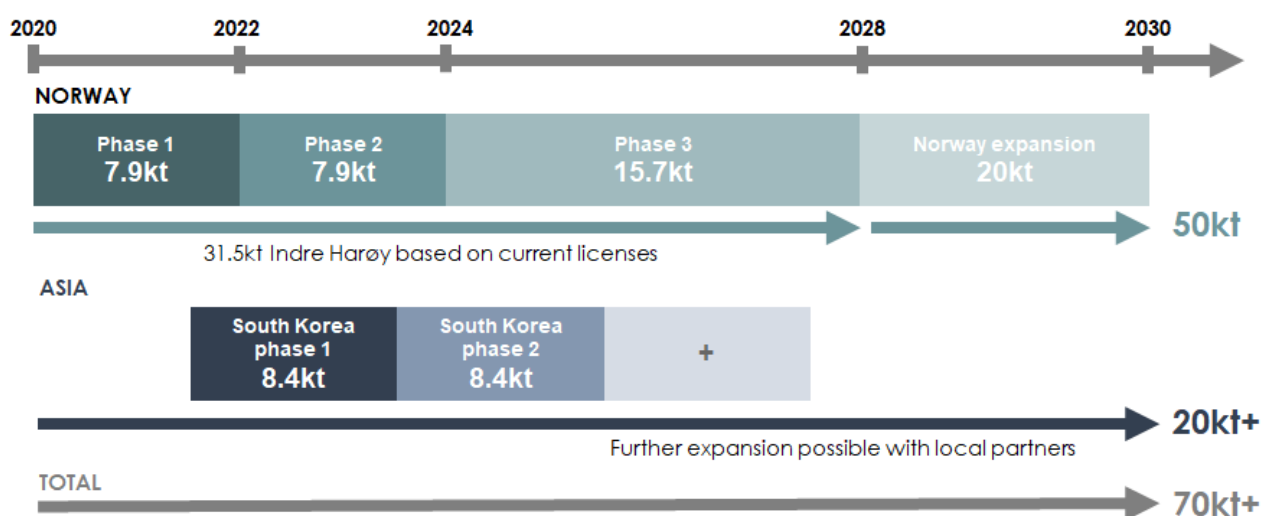
(figures in NOK 1000)	Q4 2021	Q4 2020	2021	2020
IFRS main figures				
Operating Revenues	5	0	12,257	704
EBITDA	-11,599	-1,821	-35,612	-17,126
EBIT	-12,418	-2,158	-37,841	-17,676
Profit / (loss) before taxes	-12,085	-1,192	-33,286	-16,826
Cash flow from investment activities	-214,292	-58,755	-758,694	-165,961
Cash flow from financing activities	198,076	6,094	729,226	802,664
Net cash flow	-71,209	-60,972	-142,261	626,682
Available cash	505,545	647,806	505,545	647,806
Net Interest-bearing liabilities	-270,001	-19,396		
Total assets	1,705,482	892,810		
Equity	1,290,688	788,442		
Equity ratio	76 %	88 %		

Roadmap to 70,000 tonnes in 2030

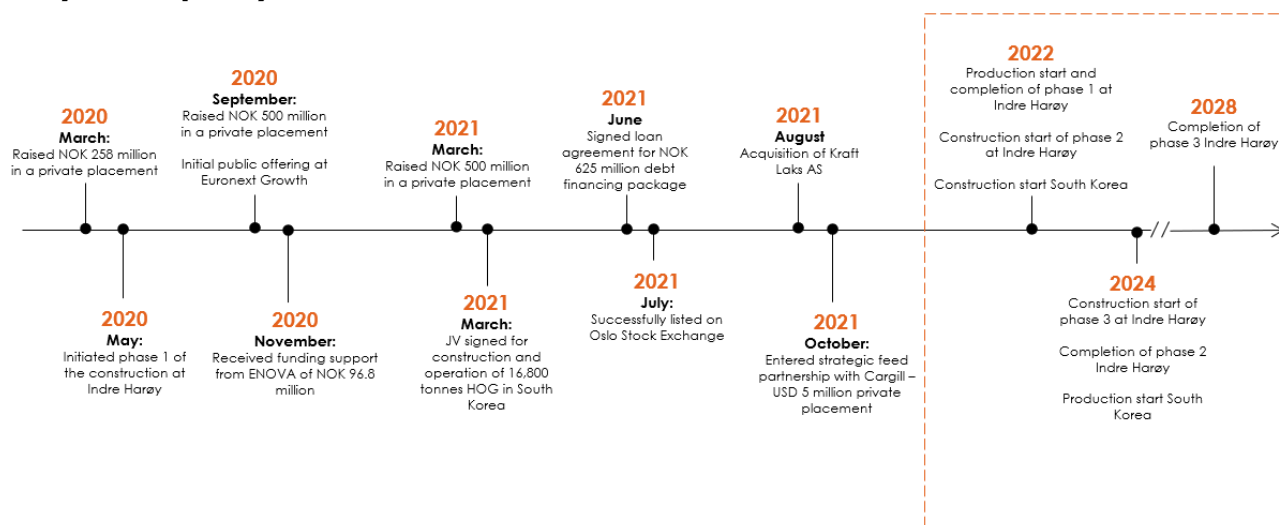
Salmon Evolution targets a leading position in the production of sustainable high-quality salmon from land-based facilities. In addition to its 31,500 tonnes project in Norway, the Company is expanding internationally through a JV in South Korea. Through utilisation of technology, competence and experience from

domestic projects, Salmon Evolution aims to develop projects in targeted growth markets in collaboration with local partners. The Company has a clear road map towards +70,000 tonnes production capacity by 2030 and is on track for ~25,000 tonnes by 2024.

Roadmap towards +70kt HOG annual harvest



Key Company milestones



Source: Salmon Evolution

Strategic feed partnership with Cargill

In October 2021 Salmon Evolution entered a strategic feed partnership with Cargill where Salmon Evolution will be their global flagship customer for land-based full grow out production. Under the agreement, Cargill will supply 100% of Salmon Evolution's feed volumes for the Indre Harøy facility.

Cargill has further committed to allocate significant resources and R&D capacity with the ambition of developing sustainable feed solutions tailored to Salmon Evolution's operational targets, securing high biological performance and premium product quality.



Cargill Florø (Photo Cargill)

As part of the agreement Salmon Evolution carried out a private placement towards Cargill of USD 5 million at a subscription price of NOK 7.71 per share (20 day VWAP).

Green purchase power agreement with Statkraft

On 21 December the Company announced that it had entered into a 100% green physical power supply agreement with Statkraft, Europe's largest generator of renewable energy. Statkraft is fully owned by the Norwegian state and is Norway's largest supplier of electricity to the power intensive industry.

Through the agreement with Statkraft, Salmon Evolution will be guaranteed 100% renewable energy for its land-based salmon farming facility at Indre Harøy. The electricity will be sourced from Statkraft's hydropower plant at Grytten in Rauma Municipality, only ~60 km from Indre Harøy.

As part of the agreement, Salmon Evolution has secured a fixed electricity price covering the

vast majority of the Company's electricity needs for 2022 and 2023 at attractive commercial terms, confirming original budget assumptions.



Entry Grytten hydropower plant (photo Statkraft)

Debt financing in relation to Kraft Laks

In December Salmon Evolution also entered into binding agreements with Nordea for bank debt financing of up to NOK 52 million in relation to the newly acquired smolt producer Kraft Laks.

The Company deems the bank debt to be at favourable commercial terms, reflecting the solid operational and financial track record of Kraft Laks.

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

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

The agreement follows the earlier announced bank financing package of NOK 625 million, bringing the total committed credit facilities to NOK 677 million.



Kraft Laks (photo Salmon Evolution)

Initiating phase 2 preparations – signed Heads of Terms with Artec Aqua

On 7 February 2022 Salmon Evolution announced that the company had entered into a Heads of Terms with Artec Aqua for the phase 2 build-out at Indre Harøy. Phase 2 is expected to in principle be identical to phase 1 and add a further 7,900 tons HOG of annual production, bringing the total planned production volume to 15,800 tons HOG per annum.

Artec Aqua is the total contractor for Salmon Evolution's phase 1 project at Indre Harøy where the first smolt is expected to be released during March 2022 and with the full facility currently expected to be completed in Q4 2022.

The purpose of the Heads of Terms is to enable Salmon Evolution to be in a position to swiftly commence construction of phase 2 following the completion of phase 1. Such timeline requires significant preparatory activities, including but not limited to, planning, concept and detailed engineering and structuring of subcontractor tender processes.

Additionally, this preparatory phase will focus on leveraging the know-how and experiences

gained from phase 1, facilitating implementation of identified areas of improvement, both from a biological, operational and financial perspective. Given the timeline with first groundworks commencing after completion of phase 1, the parties should also be able to implement learning effects obtained during the first 12 months of production.

The Heads of Terms further sets out the main commercial terms to be reflected in a final design and construction agreement between the parties. Capex for phase 2 is currently estimated to NOK 1.3 – 1.4 billion, reflecting both copy effects from phase 1 as well as general inflation and increased raw material prices, with final capex target expected to be set in 2H 2022.

The final design and construction agreement is expected to be effectuated during first half of 2022 and will include financing reservations providing Salmon Evolution with the necessary flexibility to align the phase 2 build out with the Company's overall financing plan.

Indre Harøy phase 2 illustration

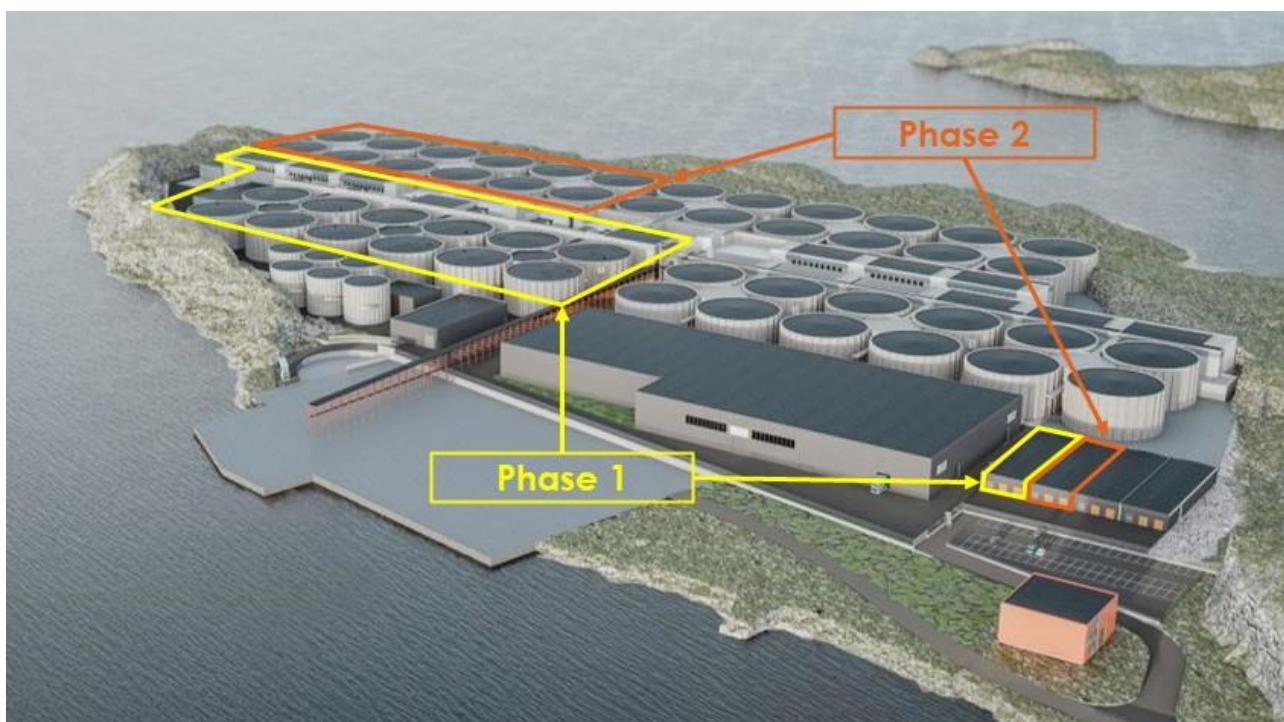


Photo: Salmon Evolution

Project review Indre Harøy

Status - Indre Harøy

All 12 fish tanks in phase 1 are now assembled and the intake station is technically ready for operation.

During the fourth quarter the Company successfully installed the two water inlet pipes, one 425-meter-long pipe going down to 95 meters water depth and one 180-meter-long pipe going down to 25 meters water depth.

Installation of process equipment and pipes continued in the fourth quarter, including heat

pumps, heat exchangers, O₂ equipment and CO₂ and nitrogen strippers.

Additionally, solid progress was made on the administrative part of the facility including the control room centre. The quarter also saw strong progress on electrical and IT and OT infrastructure works.

The first fish tanks have been coated and had water inlet streamers installed and were technically ready for being filled with water.

First fish tank filled with fresh seawater (January 2022)

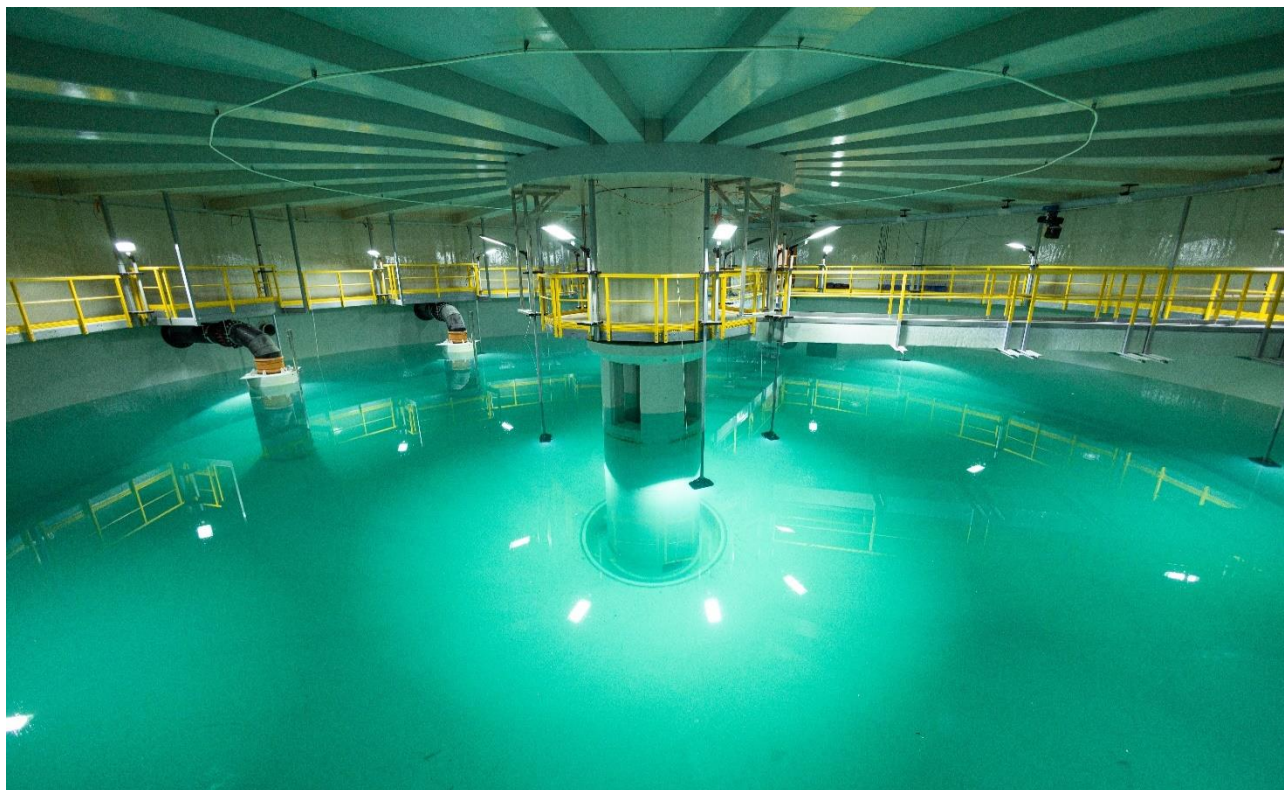


Photo: Salmon Evolution

In January the first fish tank was filled with fresh seawater from 95 meters depth validating the water intake and offtake process.

The Company is now in the process of installing the feeding equipment. Going forward work efforts will be focused on the next sections of the facility as the first technical rooms and fish tanks are being finalized and handed over to the Company upon which production will commence.

During the quarter around 200 workers were working on site. The Company expects the

workload to come gradually down over the coming quarters as the full facility nears completion.

The Company remains on track for the first smolt release which is scheduled for March 2022.

The high activity also means high work-complexity. To reduce risk for accidents, Salmon Evolution aims for a close dialogue with contractors and workers to secure controlled and safe project progression.

First stream of fresh seawater (January 2022)



Photo: Salmon Evolution

Preparations for production start

The Company is currently putting a lot of focus into preparing for production start and the first smolt release during March 2022. Over the last months Salmon Evolution has recruited the necessary operating personnel of which several have already started in their position and the remaining are about to be enrolled into the Company. The preparatory work includes inter alia documentation of procedures, operating workshops and coursing and training at Kraft Laks.

Simultaneously, the Company is actively working on putting in place systems for

operational and quality reporting, certifications, digital infrastructure and commercial activities.

Together with the total contractor the Company is now also actively working on commissioning of the facility. The purpose of the commissioning phase is to ensure that all systems work at design capacity prior to being put into operation. Initially, focus will be on the individual sub-systems, after which focus will turn to integrating all the various subsystems prior to production start.

Milestones

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

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

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

Filling of seawater in progress (January 2022)

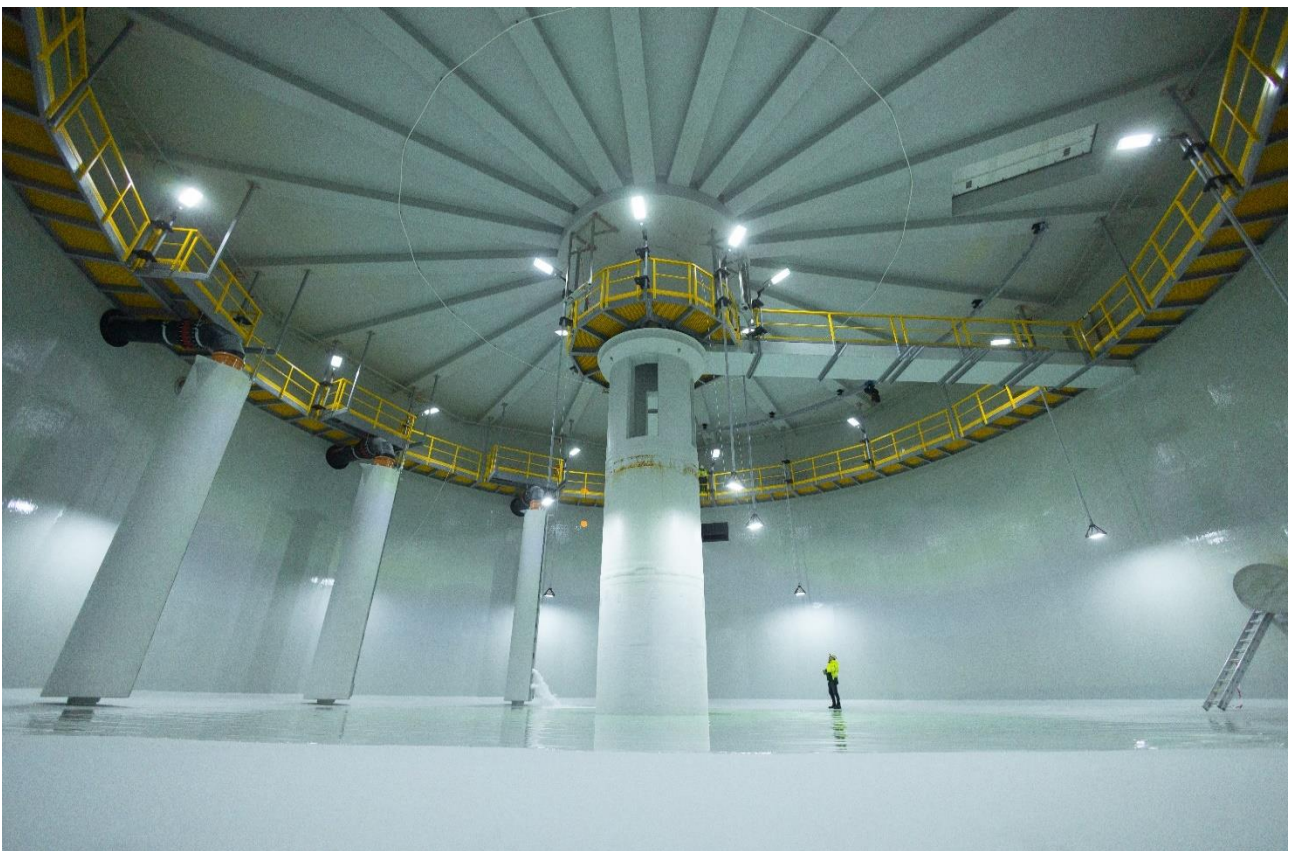


Photo: Salmon Evolution

Project financials

When comparing cost estimates for Phase 1 and a fully built out facility, significant 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.

Capex overview Indre Harøy Phase 1¹⁾

	NOKm	%
Incurring per 31.12.21	920	66 %
<i>Distribution</i>		
2019	19	1 %
2020	177	13 %
2021	723	52 %
Remaining payment	480	34 %
<i>Distribution</i>		
2022	464	33 %
2023	16	1 %

Source: Company data

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

Capex during the fourth quarter amounted to 215 million. In addition, NOK 10m of internal G&A were capitalized.

As per 31 December 2021, accumulated capex from project initiation in 2019 amounted to NOK 920 million. In addition, accumulated capitalized G&A amounted to NOK 51 million (including capitalized finance costs).

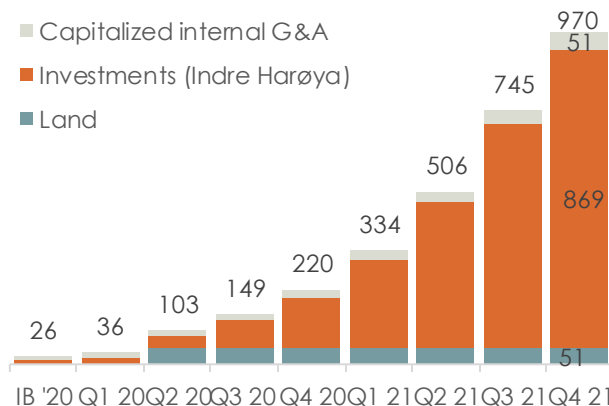
The Company has made selected strategic upgrades and adjustments covered by already built-in project buffers:

- NOK ~40m related to capacity increases enabling efficiency gains for phase 2; joint feed storage system, waste-water

treatment, emergency power systems and other smaller items

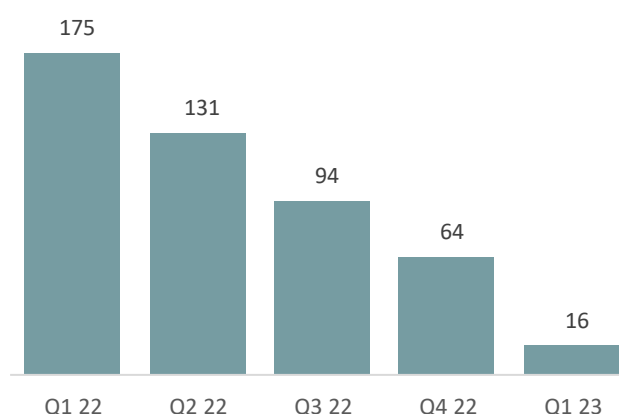
- NOK ~30m mainly related to increased raw material prices, in particular concrete
- NOK ~20m allocated to potential but not materialized or identified changes

Accumulated CAPEX (NOK million)



After some capex intensive quarters, the Company expects that capex will 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

Project review - Korea

The Company has entered a joint venture with the South Korean seafood giant Dongwon Industries where the plan is to develop, construct and operate a 16,800 tonnes HOG land-based salmon farming facility in South Korea, using Salmon Evolution's technology and competence.

The joint venture is named K Smart Farming ("K Smart"). The project will be completed in two phases, with each phase aiming to achieve an annual capacity of 8,400 tonnes HOG, 16,800 tonnes combined. Total project cost for phase 1 is estimated to NOK 1.6 billion, including capex, project management, contingencies and working capital build-up.

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

Salmon Evolution's equity contribution is split into milestone driven tranches, reflecting the overall progress of the project. Salmon Evolution executed its first tranche of NOK 27.4 million in May 2021. Together with Dongwon's initial equity investment into K Smart, the proceeds will be used to finance: (i) design and engineering, (ii) site evaluation and permitting, (iii) acquisition of an existing and operating smolt facility in Jeongseon of which closing has already taken place and (iv) general corporate purpose

Salmon Evolution and Dongwon target construction start in 2022, with commencement of grow out production in 2024. The parties have identified a production site in Yangyang on the northeast coastline of South Korea, with solid data points on water quality and temperatures.



Yangyang on-growing site

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



Jeongseon smolt site

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 also jointly consider future opportunities for scaling similar projects in other attractive markets in the region.

During the fourth quarter Artec Aqua delivered a feasibility for both the Yangyang grow-out facility and the Jeongseon smolt facility. Following the delivery of the feasibility study, Salmon Evolution and Dongwon have been working on tuning the facility layout and production plans in order to optimize the project.

Good progress are also being made on the permitting process. The discussions with the respective authorities are going well and K

Smart remains confident about receiving approvals needed to carry out the project.

K Smart has established a project organization consisting of dedicated members from both Salmon Evolution and Dongwon Industries. Further, K Smart has engaged a highly experienced Korean civil engineering firm as well as a renowned Korean project management company with global experience to assist with the project.

Funding

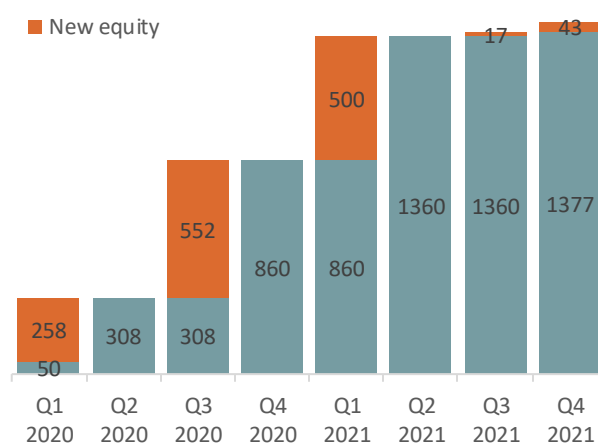
During 2020, and further throughout 2021, the Company secured both equity and debt financing and is continuously seeking to optimize its capital structure.

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

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

In October the Company also carried out a private placement of USD 5m (NOK ~43m) towards Cargill which brings the total raised equity to date to over NOK 1.4 billion

Development in paid-in equity (NOK million)



Source: Company data.

Funding Indre Harøy Phase 1

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

The debt financing package consists of the following credit facilities:

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

- NOK 385 million senior secured term loan facility with Nordea and Sparebanken Vest (the “Term Loan Facility”)
- NOK 140 million in a separate long-term loan facility with Innovation Norway (the “IN Facility”)
- NOK 100 million senior secured overdraft facility with Nordea (the “Overdraft Facility”) which will be used for working capital purposes, hereunder financing of biomass and receivables

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

Funding K Smart Farming

Total project cost for the establishment and development of Phase 1 in K Smart is estimated to around NOK 1,600 million. The agreed funding structure of K Smart Farming is 25% equity and 75% debt, where Dongwon Industries is to facilitate debt financing at attractive cost levels.

Funding Kraft Laks

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

In December the Company announced that it had signed binding agreements for a debt financing package of NOK 52 million in relation to Kraft Laks. The Company deems the bank debt to be at favourable commercial terms,

In July 2021 the Company made a NOK 50 million draw down under the Construction Facility, of which NOK 40 million was used to fully repay the existing NOK 40 million bank loan raised in November 2020. Further draw downs were made in Q4 and as per 31 December 2021 NOK 200 million was drawn under the Construction Facility, with NOK 325 million still undrawn. Going forward, the majority of phase 1 capex will be funded by the Construction Facility.

Salmon Evolution's total equity contribution into K Smart is estimated to NOK 200 million on a fully funded basis, including phase 2. The equity contribution is split in three milestone driven tranches where the Company executed its first tranche of NOK 27.4 million in Q2 2021.

reflecting the solid operational and financial track record of Kraft Laks.

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

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

Indre Harøy overview (January 2022)



Photo: Salmon Evolution

Filling of seawater in progress (January 2022)



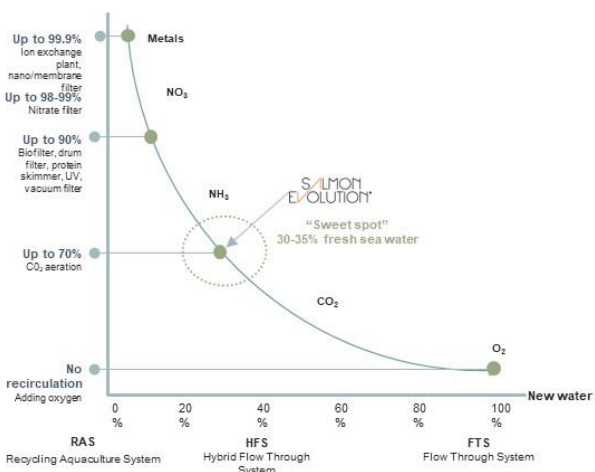
Photo: Salmon Evolution

Extending the ocean potential

Our Technology – Hybrid flow through system (HFS)

Salmon Evolution is founded on the belief that good biology equals good economy. This belief has been essential when developing the production methods and technology that are to be applied in the Company's land-based salmon farming facilities.

Salmon Evolution's hybrid flow-through system (HFS) technology ensures rich access of fresh filtered seawater while at the same time reducing energy consumption by reusing around 65% of the water.



A reuse level of around 65% is in the Company's view a "sweet spot" balancing cost and operational risk. Higher reuse levels require the introduction of more filtration and water treatment and lead to an exponential increase in risk. On the other side, a low level of reuse leads to significantly higher energy costs in connection with pumping and heating of water.

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

ideally tempered water and hence reducing energy costs relating to heating of seawater.

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

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

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



As part of Salmon Evolution commitment to a truly sustainable production and circular economy, waste is filtered and collected, before being transported to a recirculation plant where it is converted into fertilizer, biogas or similar.

Financial review

Summary of result

(figures in NOK 1000)	Note	Q4 2021	Q4 2020	2021	2020
Total operating income		5	0	12,257	704
Cost of goods sold		1,542	0	-908	0
Personnel expenses	10	-6,918	-2,034	-21,067	-8,877
Depreciations	2	-819	-337	-2,229	-550
Other operating expenses		-6,228	214	-25,894	-8,954
Operating profit (EBIT)		-12,418	-2,158	-37,841	-17,676
Financial income	8	3,061	1,113	12,524	1,114
Financial expense	8	-2,069	-147	-7,335	-263
Share of net income from associated companies	8	-660	0	-634	0
Financial expense - net		333	966	4,555	850
Profit/loss before tax	4	-12,085	-1,192	-33,286	-16,826
Income tax expense	4	0	0	0	0
Profit/loss for the period	5	-12,085	-1,192	-33,286	-16,826
Basic earnings per share (NOK)	5	-0,04	-0,01	-0,11	-0,13
Diluted earnings per share (NOK)	5	-0,04	-0,01	-0,11	-0,13

Statement of Comprehensive Income

Profit/(loss) for the period		-12,085	-1,192	-33,286	-16,826
Exchange difference on translating foreign operation	8,9	25	0	-560	0
Total comprehensive income for the period		-12,060	-1,192	-33,846	-16,826

Q4 2021 results

Personnel expenses for the quarter totalled NOK 6.9 million. During the quarter approximately 60% of the total personnel expenses were capitalized.

Other operating expenses totalled to NOK 6.2 million during the quarter and consisted mainly of consultancy and legal fees and other administration expenses.

Operating loss for the period ended at NOK -12.4 million

The financial accounts of Kraft Laks were included in the Company's consolidated

accounts from August. During the quarter Kraft Laks had zero revenues and an operating loss of NOK 1.9 million.

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

Loss for the quarter was NOK 12.1 million.

From Q2 2021 Salmon Evolution's share of K Smart's net income is recognized in the profit and loss statement. The investment in K Smart is accounted for using the equity method where K Smart is regarded as an associated company.

YTD 2021 results

Personnel expenses as per 31 December 2021 summed up to NOK 21.1 million. Year-to-date approximately 46% of the total personnel expenses are capitalized.

Other operating expenses totalled NOK 25.9 million, which is NOK 16.9 million higher than for the same period last year. The increase reflects the higher activity level in the Company, continued progress at Indre Harøy and in South Korea and incorporation of newly added Kraft Laks into the accounts.

The operating loss year to date totalled NOK 37.8 million of which Kraft Laks made a positive contribution of NOK 5.7 million.

Total depreciations were NOK 2.2 million and net financials ended at NOK 4.6 million including a net positive agio of NOK 0.8 million.

Loss before tax was NOK 33.3 million as per 31 December 2021.

Assets under construction are not depreciated.

Cash flow

Consolidated net cash flow from operating activities was NOK -55.0 million in the fourth quarter. Year-to-date cash flow from operating activities is NOK -112.8 million. Compared to last year this is a change of NOK 102.8 million which reflects a higher activity level in the Company, both in terms of a bigger organisation, continued progress at Indre Harøy and in South Korea and incorporation of Kraft Laks.

Net cash flow from investing activities was NOK -214.3 million during the quarter. Year-to-date cash flow from investment activities reached NOK -758.7 million. The investments are reflecting the increasing activity level at Indre Harøy, but the Company expects that this will gradually be reduced towards completion.

Cash flow from financing activities during the quarter was NOK 198.1 million. Year-to-date the cash flow from financing activities is NOK 729.2 million.

Total net cash flow during the fourth quarter was NOK -71.2 million, and NOK -142.3 million year-to-date. The liquidity position at the end of the period was strong, with cash and cash equivalents of NOK 506 million and total available liquidity of NOK 983 million including committed undrawn credit facilities.

Cash flow summary

(figures in NOK 1000)

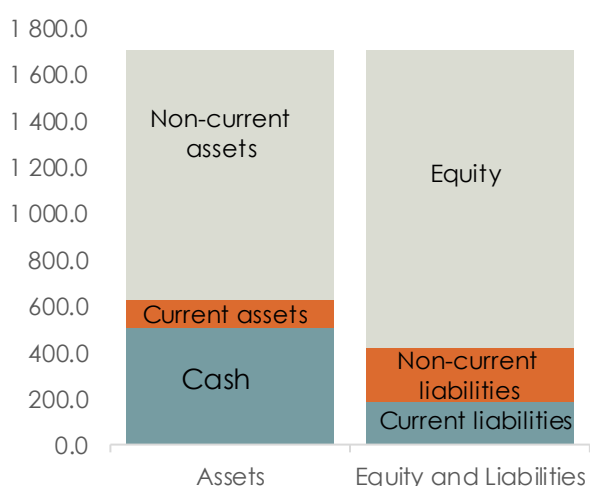
	Q4 2021	Q4 2020	2021	2020
Net cash flow from operating activities	-54,993	-8,311	-112,793	-10,021
Net cash flow from investments activities	-214,292	-58,755	-758,694	-165,961
Net cash flow from financing activities	198,076	6,094	729,226	802,664
Net change in cash and cash equivalents	-71,209	-60,972	-142,261	626,682
Cash and cash equivalents at start of period	576,753	708,778	647,806	21,124
Cash and cash equivalents at end of period	505,545	647,806	505,545	647,806

Financial position

The carrying amount of Salmon Evolution's total fixed assets as of 31 December 2021 was NOK 1,077.6 million, compared to NOK 222.4 million 31 December 2020. Fixed assets are mainly related to the construction work at Indre Harøy, comprising capitalized costs related to both personnel expenses and construction cost, land acquisition and Kraft Laks as well other smaller items.

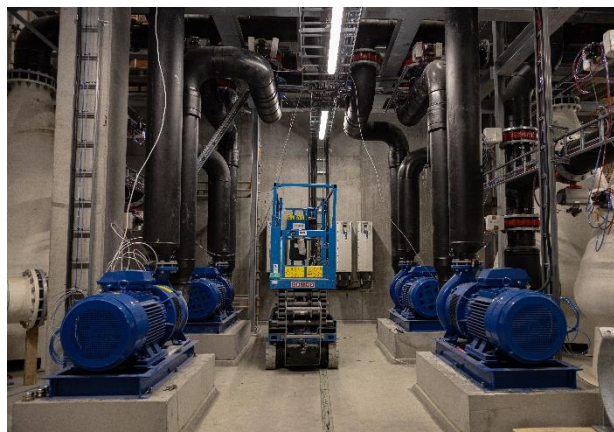
Total equity amounted to NOK 1,290.7 million. With total assets of NOK 1,705.5 million, this corresponds to an equity ratio of 76%. Consolidated interest-bearing liabilities totalled NOK 235.5 million.

Balance sheet as per 31.12.2021 (NOK million)



Source: Company data

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



Furthermore, in November 2020 the Company was granted NOK 96.8 million in a funding commitment from ENOVA. The commitment is a cash grant, and the funding will not require any material additional investment needs from Salmon Evolution. The proceeds from this grant is expected paid out in tranches over the course of Indre Harøy Phase 1 development.

Both grants are recognized in the financial accounts as a reduction of fixed assets. As of Q4 2021 the Company has recognized NOK 9.5 million in Skattefunn grants and NOK 60 million in Enova grants of which NOK 4.8 million and NOK 16.9 million have been received by 31 December 2021, respectively.

As per 31 December 2021 the Company had bank debt of NOK 200 million which relates to the Construction Facility for Indre Harøy. For further description of the financing package see section "Funding" above.

Installation of water inlet pipes (October 2021)



Photo: Salmon Evolution

Inside fish tank (January 2022)

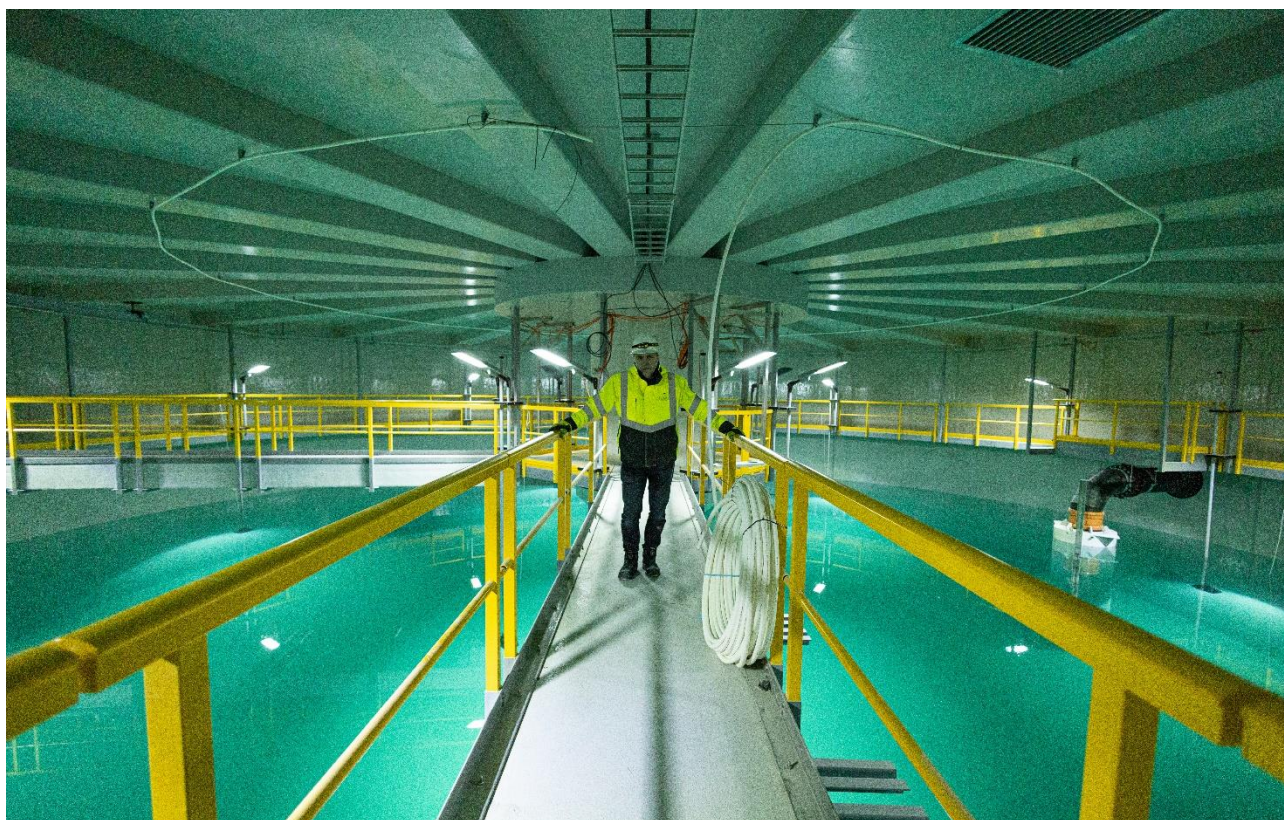


Photo: Salmon Evolution

Subsequent events

On 7 February 2022 Salmon Evolution announced that had entered into a Heads of Terms with Artec Aqua for the phase 2 build-out at Indre Harøy. Phase 2 is expected to in principle be identical to phase 1 and add a further 7,900 tons HOG of annual production, bringing the total planned production volume to 15,800 tons HOG per annum.

The purpose of the Heads of Terms is to enable Salmon Evolution to be in a position to swiftly commence construction of phase 2 following the completion of phase 1. Such timeline requires significant preparatory activities, including but not limited to, planning, concept

and detailed engineering and structuring of subcontractor tender processes.

The Heads of Terms further sets out the main commercial terms to be reflected in a final design and construction agreement between the parties.

The final design and construction agreement is expected to be effectuated during first half of 2022 and will include financing reservations providing Salmon Evolution with the necessary flexibility to align the phase 2 build out with the Company's overall financing plan.

Water intake station (January 2022)



Photo: Salmon Evolution

COVID-19

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

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

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

The construction work currently involves around 150-200 workers on site. Artec Aqua as contractor, is responsible for project coordination of all activities, and Salmon Evolution is in continuous dialogue with the contractor on the status, progress and actions taken to address and handle the challenges.

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

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

Transactions with related parties

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

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

Artec Holding AS, which per 31.12.2021 held 3.6% of the total shares outstanding in Salmon Evolution ASA. Following the acquisition of Artec Aqua AS by Endur ASA in Q1 2021, Artec Aqua is no longer considered a related party to Salmon Evolution ASA.

There were no other material transactions with related parties during 2021.

Share information

As per 31 December 2021, Salmon Evolution ASA had 310.8 million issued shares, divided between 8,681 shareholders.

Ronja Capital II AS is the Company's largest shareholder with 26,687,687 shares, corresponding to 8.6% of the total number of shares outstanding. The 20 largest shareholders own 64.9% of the shares in the Company.

The closing price for the Company's share was NOK 8.60 per share as per 31 December, which corresponds to a market capitalization of NOK 2.67 billion.

During the quarter the average daily, traded volume was about 680,000 shares and the average daily traded value was about NOK 5.5 million.

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

20 largest shareholders 31 December 2021

Shareholder	# of shares	% share
Ronja Capital II AS	26,687,687	8.6 %
The Bank of New York Mellon SA/NV	20,889,534	6.7 %
Farvatn Private Equity AS	17,093,878	5.5 %
Dongwon Industries Co. Ltd	16,044,572	5.2 %
Rofisk AS	13,274,174	4.3 %
Stette Invest AS	11,236,005	3.6 %
Artec Holding AS	11,139,339	3.6 %
Kjøllås Stansekniver AS	10,774,405	3.5 %
Verdipapirfondet Dnb Norge	10,544,140	3.4 %
Jakob Hatteland Holding AS	8,706,006	2.8 %
Mevold Invest AS	8,141,141	2.6 %
Lyndheim Invest AS	7,891,141	2.5 %
Bortebakken AS	7,471,090	2.4 %
EWOS AS	5,541,374	1.8 %
Verdipapirfondet DNB SMB	5,529,606	1.8 %
Nordnet Livsforsikring AS	5,196,371	1.7 %
Verdipapirfondet Norge Selektiv	5,132,518	1.7 %
Salmoserve AS	3,727,366	1.2 %
Vpf Dnb Am Norske Aksjer	3,457,555	1.1 %
Danske Invest Norge Vekst	3,150,000	1.0 %
Total 20 largest shareholders	201,627,902	64.9 %
Other shareholders	109,168,587	35.1 %
Total number of shares	310,796,489	100.0 %

Source: VPS, Company

Risk and uncertainties

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

Project risk

Land-based salmon farming is a new industry and is subject to inherent risk by being an industry in the development phase, as well as the risk that the Company's commercialization strategy may fail. The Company is vulnerable to errors in technology, production equipment and maintenance routines. Over the next year the project will be centred around construction, execution and production ramp up.

Successful project execution and construction are decisive for the Company's business and

comes with numerous risks, including risk for delays or cost overruns.

Due to the size of these construction projects, any material delay or cost overrun could have adverse effects for the Company's ability to realize its business plan. The chosen entrepreneur for the construction projects, Artec Aqua, has limited legal liability for cost overruns and delays.

Further, challenges or incidents in connection with the upcoming production ramp up could

also have adverse effects for the Company's ability to realize its business plan.

Interest Rate

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

group remains exposed to changes in the interest rate. As of 31 December 2021, outstanding loans from credit institutions amounted to NOK 201 million (excluding financial leasing).

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. From time to time the group utilizes financial instruments to hedge its

currency exposure. As of 31 December 2021 there were no such instruments outstanding.

The Group's presentation currency is Norwegian Kroner ("NOK").

Credit risk

With respect to credit risk arising from the financial assets of the Group, which comprise cash and cash equivalents, and other receivables, the Group's exposure to credit risk

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

Liquidity risk

Management monitors rolling forecasts of the Group's liquidity reserve (comprising cash and cash equivalents) based on expected cash flows. The Group's business plan and growth

strategy is capital intensive, and the Group may be dependent upon future equity issues and/or debt financing in order to finance its current long-term plans.

Summary and Outlook

2021 has truly been a ground-breaking year for Salmon Evolution. Going into the year the organization totalled 12 employees, the construction work at the building site had just started to become visible and a significant amount of financing was needed to successfully complete phase 1 at Indre Harøy.

During the first quarter Salmon Evolution entered into a joint venture agreement with Korean seafood giant Dongwon Industries for the construction of a 16,800 tons HOG land-based salmon farming facility in South Korea, marking the start of Salmon Evolution's international growth ambitions. Additionally, the Company raised NOK 500m in equity through a significantly oversubscribed private placement.

In the second quarter the Company entered into a NOK 625 million debt financing package with Nordea, Sparebanken Vest, Eksfin and Innovation Norway, establishing a solid financial platform for the completion of our building project.

The third quarter was kicked off with the listing of the Company's shares on the Oslo Børs main list, delivering on the commitment from the 2020 Euronext Growth IPO. In August Salmon Evolution also acquired Kraft Laks, a well renowned family owned smolt producer with decades of sound operating and financial track record. Through this acquisition Salmon Evolution secured in-house control of likely the most important input factor in a successful salmon farming operation.

Further, in the fourth quarter the Company entered into a strategic feed partnership agreement with Cargill where Cargill simultaneously invested USD 5 million in Salmon Evolution. In December Salmon Evolution also entered into a green power purchase agreement with Statkraft, Europe's leading renewable energy producer, covering the vast

majority of the Salmon Evolution's energy needs through 2023.

Throughout the year there has been significant progress at the construction site and Salmon Evolution is on track with its plan of releasing the first smolt during March 2022.

The Company started the commissioning phase during December and in January the first tank was filled with water from 95 meters water depth, a major milestone confirming that the Company has now taken the ocean onshore.

Simultaneously with the high activity and progress at the building site, Salmon Evolution has during the year recruited a large number of highly skilled employees ahead of production start and as of today the work force in the Group totals 38 employees. A lot of resources are being put into training of the work force and the Company has established "Salmon Evolution Academy" with the purpose of establishing a framework for developing a strive for a "best practice" culture across the group.

With Salmon Evolution soon entering the operational and commercial phase, the Company is very pleased to see that the market fundamentals for salmon remain very strong.

The average Fish Pool salmon price was NOK 58.4/kg in 2021 compared to NOK 55.4/kg in 2020, representing an increase of 5.4% year over year. 2021 also marked a new record with total salmon export volumes reaching almost 1.5 million tons, representing an increase of over 13% compared to 2020.

Looking at 2022 most analysts expect limited global supply growth which should support a scenario with high salmon prices. Salmon Evolution sees a significant demand growth potential for salmon over the coming decade given that the industry is able to grow the supply

side. In this context the Company remains firm in its belief that land-based farming will need to play an important role alongside conventional farming.

With the first smolt release only being a few weeks away, Salmon Evolution is confident that

2022 will be an eventful and exciting year for the Company setting the stage for significant growth in the years to come. This in turn will enable Salmon Evolution to take a global frontrunner position in the future development of land-based salmon farming.

Inside fish tank (January 2022)



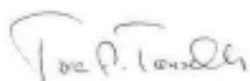
Photo: Salmon Evolution

Responsibility Statement

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

We confirm, to the best of our knowledge, that the condensed set of financial statements for the period 1 January to 31 December 2021 has been prepared in accordance with IAS 34 – Interim Financial Reporting and gives a true and fair view of the Company's and group's assets, liabilities, financial position and profit or loss as a whole. We also confirm, to the best of our knowledge, that the interim management report includes a fair review of important events that have occurred during the financial year and their impact on the condensed set of financial statements, a description of the principal risks and uncertainties facing the group, and major related parties' transactions.

The Board of Directors of Salmon Evolution ASA
Aalesund/Molde 9 February 2022



Tore Tønseth
Chair



Kristofer Reiten
Director



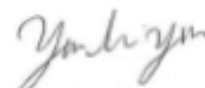
Anne Breiby
Director



Ingvild Vartdal
Director



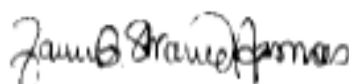
Peder Stette
Director



Kiyun Yun
Director



Glen Allan Bradley
Director



Janne-Grethe Strand Aasnæs
Director



Håkon André Berg
CEO

Interim financial statements (IFRS)

Statement of Profit and Loss

Summary of result

(figures in NOK 1000)

	Note	Q4 2021	Q4 2020	2021	2020
Total operating income		5	0	12,257	704
Cost of goods sold		1,542	0	-908	0
Personnel expenses	10	-6,918	-2,034	-21,067	-8,877
Depreciations	2	-819	-337	-2,229	-550
Other operating expenses		-6,228	214	-25,894	-8,954
Operating profit (EBIT)		-12,418	-2,158	-37,841	-17,676
Financial income	8	3,061	1,113	12,524	1,114
Financial expense	8	-2,069	-147	-7,335	-263
Share of net income from associated companies	8	-660	0	-634	0
Financial expense - net		333	966	4,555	850
Profit/loss before tax	4	-12,085	-1,192	-33,286	-16,826
Income tax expense	4	0	0	0	0
Profit/loss for the period	5	-12,085	-1,192	-33,286	-16,826
Basic earnings per share (NOK)	5	-0,04	-0,01	-0,11	-0,13
Diluted earnings per share (NOK)	5	-0,04	-0,01	-0,11	-0,13

Statement of Comprehensive Income

Profit/(loss) for the period		-12,085	-1,192	-33,286	-16,826
Exchange difference on translating foreign operation	8,9	25	0	-560	0
Total comprehensive income for the period		-12,060	-1,192	-33,846	-16,826

Statements of financial position

(figures in NOK 1000)	Note	31 Dec 2021	30 June 2021	31 Dec 2020
Assets				
Intangible assets	2	62,586	980	432
Assets under construction	2,10	975,814	501,995	219,926
Property, plant & equipment	2	10,909	1,141	331
Right-of-use assets		2,112	2,401	1,678
Investment in associated companies	9	26,219	27,454	0
Total non-current assets		1,077,638	533,970	222,367
Inventory		15,050	0	0
Trade receivables		382	0	0
Other current receivables		106,687	44,863	22,638
Cash and cash equivalents		505,545	867,853	647,806
Total current assets		627,844	912,717	670,444
Total assets		1,705,482	1,446,686	892,810
Equity and liabilities				
Share capital	3	15,540	15,153	10,987
Share premium	3	1,334,283	1,275,478	804,369
Other reserves	10	5,118	3,494	2,974
Other equity			0	520
Uncovered losses		-64,252	-45,942	-30,407
Total equity		1,290,688	1,248,183	788,442
Deferred tax		6,513	0	0
Long-term interest-bearing debt		220,329	0	0
Lease liabilities - long term		892	1,190	933
Total non-current liabilities		227,734	1,190	933
Short-term interest-bearing debt		13,086	40,000	40,000
Trade payables		162,071	150,638	60,104
Social security and other taxes		4,854	3,238	1,144
Lease liabilities - short term		1,236	1,203	696
Other short-term liabilities		5,812	2,234	1,491
Total current liabilities		187,059	197,313	103,435
Total liabilities		414,794	198,504	104,368
Total equity and liabilities		1,705,482	1,446,686	892,810

Statement of cash flow

(figures in NOK 1000)	Note	Q4 2021	Q4 2020	2021	2020
Cash flow from operations					
Profit before income taxes		-12,085	-1,192	-33,286	-16,826
Adjustments for:					
Depreciation		819	337	2,229	550
Net interest		-992	-966	-5,189	-850
Share based payment expenses		0	447	0	2,714
Gain on lease modification		0	0	0	-7
Changes in working capital:					
Change in other current receivables		-51,786	-10,205	-83,695	-20
Change in inventory		-2,223	0	-15,050	0
Change in trade payables		7,389	1,101	3,153	2,695
Change in social security and other taxes		895	599	9,305	345
Change in other current liabilities		1,998	602	4,551	528
Cash generated from operations		-55,985	-9,277	-117,982	-10,871
Interest paid		-2,069	-147	-7,335	-263
Interest received		3,061	1,113	12,524	1,114
Net cash flow from operations		-54,993	-8,311	-112,793	-10,021
Cash flow from investment activities					
Payments for fixed assets and other capitalizations	2	-228,635	-58,323	-768,079	-165,529
Payments for intangible assets	2	-3,374	-432	-62,153	-432
Change in trade payables investments		16,926	0	98,315	0
Investment in associated companies		791	0	-26,777	0
Net cash flow from investment activities		-214,292	-58,755	-758,694	-165,961
Cash flow from financing activities					
Proceeds from issue of equity		43,841	-32,346	536,047	764,355
Proceeds from new borrowings		157,976	40,000	234,084	40,000
Repayment of borrowings		-200	-1,500	-40,400	-1,500
Change lease liabilities		-3,542	-60	-505	-191
Net cash flow from financing activities		198,076	6,094	729,226	802,664
Net change in cash and cash equivalents		-71,209	-60,972	-142,261	626,682
Cash and cash equ. at the beginning of the period		576,753	708,778	647,806	21,124
Cash and cash equ. at the end of the period		505,545	647,806	505,545	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	-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 cost	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
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	-33 286	-33 286
Other comprehensive income	0	0	0	0	-560	-560
Total comprehensive income	0	0	0	0	-33 846	-33 846
Capital increase, net of transaction cost	4 553	529 914				534 468
Share options issued	0	0	2 144	-520	0	1 624
Share options exercised	0	0	0	0	0	0
Transactions with owners	4 553	529 914	2 144	-520	0	536 092
Balance at 31 December 2021	15 540	1 334 283	5 118	0	-64 252	1 290 688

Selected notes to the quarterly financial statements

Note 1 – Summary of significant accounting policies

General information

Salmon Evolution ASA and its subsidiaries, Salmon Evolution Norway AS, Salmon Evolution Asia AS and Kraft Laks AS, (the "Company", "SE" or "the Group") is a Norwegian business headquartered in Molde in Møre og Romsdal. SE is building a land-based salmon farming facility at Indre Harøy, with a planned annual production of 31,500 tons HOG of which phase 1 currently under construction has a planned annual production of 7,900 tons HOG.

The build-out consists of three phases, with the first phase consisting of 12 large grow out tanks with corresponding infrastructure. SE will operate a hybrid flow-through (HFS) system,

Consolidation

Salmon Evolution ASA was incorporated on 23 July 2020 prior to the planned listing on Merkur Market (now Oslo Børs) which was completed on 18 September 2020. These condensed consolidated statements for the period ended 31 December 2021 include Salmon Evolution ASA together with its subsidiaries Salmon

Consolidation principles

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

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

These interim financial statements were approved by the Board of Directors for issue on 9 February 2021.

These interim financial statements have not been audited.

Evolution Norway AS, Salmon Evolution Asia AS and Kraft Laks AS. Please note that the comparable previous periods financial statement periods (year-to-date 2020) only reflect Salmon Evolution Norway AS and Salmon Evolution ASA.

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 Q2 2021, 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	Buildings	Fixtures and fittings	Total
Cost 1 January 2020	0	25 547	0	450	25 997
Additions	0	194 379	0	289	194 668
Disposals					0
Cost 31 December 2020	0	219 926	0	739	220 665
Accumulated depreciation 1 January 2020	0	0	0	-99	-99
Depreciation for the period	0	0	0	-310	-310
Net book value 31 December 2020	0	219 926	0	331	220 256

(figures in NOK 1000)	Intangible assets	Assets under construction	Buildings	Fixtures and fittings	Total
Cost 1 January 2021	432	219 926	0	739	221 097
Additions	62 154	755 888	7 607	5 200	830 848
Disposals					0
Cost 31 December 2021	62 586	975 814	7 607	5 939	1 051 946
Accumulated depreciation 1 January 2021	0	0	0	-409	-409
Depreciation for the period	0	0	-302	-1 927	-2 229
Net book value 31 December 2021	62 586	975 814	7 306	3 603	1 049 308

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 per 31 December 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 og Romsdal.

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			5 375 159	0,05			107 503 182
Share options exercised	10 July 2020	30 000	5 405 159	0,05	3,33	600 000	108 103 182
Private placement	23 July 2020	581 395	5 986 554	0,05	4,30	11 627 906	119 731 088
Private placement	11 September 2020	5 000 000	10 986 554	0,05	5,00	100 000 000	219 731 088
Private placement	23 March 2021	4 166 667	15 153 221	0,05	6,00	83 333 333	303 064 421
Acquisition Kraft Laks	16 August 2021	109 535	15 262 756	0,05	7,58	2 190 694	305 255 115
Private placement	12 October 2021	277 068	15 539 824	0,05	7,71	5 541 374	310 796 489

The Company entered into an investment agreement with Dongwon Industries and completed a NOK 50 million private placement towards Dongwon Industries in July 2020.

The Company raised NOK 500 million in a private placement in connection with its initial public offering related to the admission on Merkur Market (now Oslo Børs) in September 2020. Further, the Company also raised

another NOK 500 million in a private placement in March 2021.

In August 2021 the Company acquired 100% of the shares in Kraft Laks AS. As part of the settlement the Company issued 2,190,694 new shares of NOK 7.5775 per share, and thereby increased its equity by NOK 16.6 million.

In October the Company carried out a private placement of USD 5m (NOK ~43m) towards Cargill.

Note 4 – Tax

(figures in NOK 1000)	2021	2020
Profit/loss before tax	-33,286	-16,826
Calculated tax (22%)	-7,323	-3,702
Tax payable	1,626	0
Change in deferred tax (asset)	-8,949	-3,702
Change in deferred tax not shown in the balance sheet	7,323	3,702
Tax expense	0	0

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the period ended 31 December 2021 is 22%, compared to 22% for the period ended 31 December 2020.

Deferred tax benefit has not been recognised in the balance sheet as the Company is in its start-up phase and does not have any historical results to refer to when assessing whether future taxable profits will be sufficient to utilize the tax benefit.

Note 5 – Earnings per share

Earnings per share

(figures in NOK 1000)

	2021	2020
Loss attributable to the equity owners of the Company	-33 286	-16 826
Loss for calculation of diluted earnings per share	-33 286	-16 826
Weighted average number of shares outstanding ¹⁾	291 291 107	126 605 681
Dilutive options	0	0
Average number om shares and options used in calculation for diluted EPS	291 291 107	126 605 681
Basic earnings per share (NOK)	-0,11	-0,13
Diluted earnings per share (NOK)	-0,11	-0,13

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

1)

YTD 2021: The Company issued 83,333,333 new shares in a capital raise in March 2021, another 2,190,694 in August 2021, and another 5,541,374 in November 2021. The weighted average number of shares outstanding YTD 2021 has been calculated by applying a weight of 2/12 of the number of shares before the capital raise in March 2021 (219,731,088 shares), 6/12 of the number of shares after the capital raise (303,064,421 shares), 1/12 of the shares after the acquisition of Kraft Laks (305,255,115), and 3/12 after the private placement with Cargill of the total number after the final adjustment in November 2021 (310,796,489).

YTD 2020: The Company issued 77,503,182 new shares in a capital raise in March 2020. The weighted average number of shares outstanding YTD 2020 has been calculated by applying a weight of 3/12 the number of shares before the capital raise in March 2020 (30,000,000 shares), and 3/12 to the total number of shares after the capital raise (107,503,182 shares). Further the Company had issued 108,103,182 in July, 119,731,088 in August and 219,731,088, calculated with 1/12 each. For the last three months in 2020 the Company had 219,731,088 (3/12).

Note 6 – Transactions with related parties

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

Pursuant to the agreement entered with Artec Aqua AS, Salmon Evolution has had a significant volume of transactions year to date related to the ongoing construction of the production facilities at Indre Harøy. Artec Aqua AS was until mid-March 2021 a 100%-owned subsidiary of Artec Holding AS, which per 31.12.2021 held 3.6% of the total shares outstanding in Salmon Evolution ASA.

Due to the acquisition of Artec Aqua AS by Endur ASA in Q1 2021, Artec Aqua is no longer considered a related party to Salmon Evolution ASA.

The Company further has a consultancy agreement with Peder Stette (board member) and Frode Kjølås (chair nomination committee) relating to assistance in certain projects on an ad-hoc basis.

There were no other material transactions with related parties during Q4 2021.

Note 7 – Significant and subsequent events

On 7 February 2022 Salmon Evolution announced that had entered into a Heads of Terms with Artec Aqua for the phase 2 build-out at Indre Harøy. Phase 2 is expected to in principle be identical to phase 1 and add a further 7,900 tons HOG of annual production, bringing the total planned production volume to 15,800 tons HOG per annum.

The purpose of the Heads of Terms is to enable Salmon Evolution to be in a position to swiftly commence construction of phase 2 following the completion of phase 1. Such timeline requires significant preparatory activities, including but not limited to, planning, concept

and detailed engineering and structuring of subcontractor tender processes.

The Heads of Terms further sets out the main commercial terms to be reflected in a final design and construction agreement between the parties.

The final design and construction agreement is expected to be effectuated during first half of 2022 and will include financing reservations providing Salmon Evolution with the necessary flexibility to align the phase 2 build out with the Company's overall financing plan.

Note 8 – Finance income & finance cost

Finance income and finance cost

(figures in NOK 1000)

Finance income	Q4 2021	Q4 2020	2021	2020
Interest income	2 687	1 113	5 265	1 114
Foreign exchange gains	178	0	7 062	0
Other finance income	196	0	196	0
Financial income	3 061	1 113	12 524	1 114
Share of net income from associated companies	-660		-634	
Total financial income	2 401	1 113	11 890	1 114

Finance expenses	Q4 2021	Q4 2020	2021	2020
Interest on debts and borrowings	817	22	1 007	67
Foreign exchange losses	1 211	0	6 287	1
Other finance expenses	40	125	40	196
Total financial expenses	2 069	147	7 335	263

Net financial income/- expenses	333	966	4 555	850
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Foreign exchange gains are related to hedging activities in relation to underlying EUR exposure the Company's construction contract at Indre Harøy.

Note 9 – Investment in associated companies

The group has the following investments in associated companies:

Investment in associated companies

(figures in NOK 1000)

	Country	Ownership	Voting share
K Smart Farming Co., Ltd	Korea	49 %	49 %
Investment cost 31.05.21		27 413	
Share of net income		-634	
Foreign currency translation gain/(loss)		-560	
Net book value 31 December 2021		26 219	

Investments in associated companies are recognized using the equity method.

Note 10 – Options

Options

Effects on financial statement:

NOK thousands	31.12.2021
Other paid-in capital	1 624
Net BS	1 624

	31.12.2021
Option cost	-599
Net PL	-599

	31.12.2021
Capitalized option cost	-1026
Allocated to CAPEX	1 026

ABOUT SALMON EVOLUTION

Salmon Evolution is a Norwegian land-based salmon farming company focused on extending the ocean's potential by transferring the best preconditions offered by the sea to farm fish on land through its hybrid flow-through system technology (HFS). This secures a truly sustainable production process with controlled and optimal growth conditions and limiting operational and biological risk.

The Company's first production facility is under construction at Indre Harøy, strategically located on the Norwegian west coast with unlimited access to fresh seawater, renewable energy, established infrastructure for salmon farming, and an educated and experienced work force. The entire project is designed for an annual capacity of approx. 31,500 tonnes HOG.

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

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

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BOARD OF DIRECTORS

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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

Odd Forde Roaldsnes
Head of Asia and CCO

Kamilla Mordal Holo
Project Director

Hans Petter Mortveit
Finance Manager

