

Salmon Evolution – Results for the second quarter 2022

Highlights in the quarter

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

Subsequent events

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

On 26 March 2022 Salmon Evolution completed its first smolt release at Indre Harøy comprising around 100,000 smolt with an average weight of around 300 grams. As per 30 June the fish had reached an average weight of around 1.5 kg, significantly exceeding our expectations. The strong performance has continued into the third quarter and the fish now have an average weight of around 2.3 kg, confirming that we are on track for first harvest in Q4 2022.

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

On 13 July Salmon Evolution released its second smolt batch at Indre Harøy consisting of around 230,000 smolt with an average weight of around 125 grams. As of 15 August batch 2 had an average weight of around 235 grams, which corresponds to a growth rate higher than what observed for batch 1 for the same time period.

All buildings and structural facilities at Indre Harøy are now completed. The remaining construction works are mainly related to installation of equipment and piping as well as system integration. As per today, we are holding fish in two of the fish tanks. Over the coming months we will gradually put the remaining tanks into operation following the stocking of new smolt batches and transfer of existing batches into new tanks. We are currently seeing somewhat lower productivity on the construction site which we expect will push the final completion date from Q4 2022 to Q1 2023. We do however not expect any changes in the production plan at this time due to the built-in flexibility during the ramp-up phase.

Phase 1 capex during the second quarter amounted to 190 million. In addition, NOK 9.7m of internal G&A was capitalized. With phase 1 now nearing completion and remaining construction work focused on piping, equipment installation and system integration, the capex intensity is expected to come significantly down over the coming months. Following the expected change in final completion date from Q4 2022 to Q1 2023 as well as a lower productivity at the construction site, we now expect full phase 1 capex of about NOK 1,500 million compared to earlier estimate of NOK 1,400 million.

With first harvest now only a few months away, the Company has over the last quarters intensified its commercial focus. The Company has an agreement for slaughter services with Vikenco, one of the leading salmon processors in Norway. Vikenco is located only 10 km from Indre Harøy, facilitating cost effective logistics. Moreover, the agreement with Vikenco ensures that Salmon Evolution will benefit from industry scale slaughter costs from day one, rather than building internal slaughter capacity at a suboptimal scale. As part of the commercial strategy the Company is also working on how to position our product in the market, reflecting a perceived premium quality and alignment with our values.

During the quarter Salmon Evolution initiated a process with the aim of expanding its farming operations into North America and at the same time raising its production capacity target to 100,000 tonnes HOG by 2032, and the Company is currently evaluating selected identified potential production sites in North America. To facilitate this expansion, the Company has established a dedicated team of both in-house and external resources. Additionally, the Company is in the process of incorporating a US corporate structure under its full ownership.

Indre Harøy phase 2 preparations are continuing with focus so far centred around implementing the learnings from phase 1, identifying cost savings and scaling effects from phase 1, defining a cooperation model designed at further optimizing the project management and develop a cost budget for phase 2. The Company is currently seeing inflation pressure on parts of the project, in particular the parts with high raw material intensity. On the other hand, many raw material prices have come somewhat down over the last months, but there is still significant uncertainty, both in terms of how the market will develop and lead times with respect to the time needed for changes in the raw material prices to be passed through the value chain. The Company will continue to monitor the market situation closely, seek additional cost savings and revert with a final capex estimate in due course.

Summary and outlook

Following the first smolt release in late March, Salmon Evolution has now been operating the Indre Harøy facility for almost 5 months. Taking a facility of this magnitude into operation is a highly complex process involving a lot of tuning and adjustments in the beginning. Nevertheless, we have been able

to maintain stable conditions and providing a good environment for our salmon not only to live, but also to thrive.

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

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

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

The average Fish Pool salmon price was NOK 107.3/kg in Q2 2022 compared to NOK 63.3/kg in Q2 2021, representing an increase of 70% year over year. Looking at the forward prices for the remainder of 2022, this points to a full year 2022 salmon price of more than NOK 80/kg. In comparison the full year salmon price for 2021 was NOK 58.4/kg. The Company also notes that airfreight costs for in particular the Asian market has been at elevated levels following the pandemic and war in Ukraine, resulting substantially higher salmon prices locally, e.g. in South Korea.

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

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

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

Results presentation

CEO Håkon André Berg and CFO Trond Håkon Schaug-Pettersen will present the results at Hotel Continental in Oslo, Thursday 18 August at 08:00 a.m. CEST.

Participants may also follow the presentation and submit questions through a live webcast available on www.salmonevolution.no, or with the following link: <https://events.webcast.no/viewer-registration/wrKUC8MG/register>

The presentation and subsequent Q&A will be held in English.

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About Salmon Evolution

Salmon Evolution is a Norwegian land-based salmon farming company targeting a production capacity of 100,000 tonnes HOG by 2032. The Company's core focus is on extending the ocean's potential by transferring the best preconditions offered by the sea to farm fish on land through its chosen hybrid flow-through system technology (HFS). This secures a truly sustainable production process with controlled and optimal growth conditions and limiting operational and biological risk.

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

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

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

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

To learn more, please visit www.salmonevolution.no

This information is subject to the disclosure requirements pursuant to section 5-12 of the Norwegian Securities Trading Act.