

Extending the ocean potential

**Q1 2024**

SALMON  
EVOLUTION®

## Highlights

- Farming EBITDA of NOK 36.2 million - NOK 40.2 EBITDA/kg.
- Group EBITDA of 24.1 million and group EBIT of NOK 5.8 million.
- Q1 harvest volumes of 901 tonnes HOG with an average weight of 4.6 kg LW, superior share of 96 % and strong price realization.
- Record high standing biomass of almost 2,700 tonnes LW end of quarter.
- Stable operations with net biomass growth of ~1,560 tonnes LW, up 8 % from Q4.
- Q2 harvest volumes expected in the range of 1,600 – 1,800 tonnes HOG.

## Key figures

<b>Operational</b>	Q1 2024	Q1 2023	2023
Standing biomass (tonnes, LW)	2 676	1 475	2 204
Net growth (tonnes, LW)	1 558	742	3 751
Harvest volumes (tonnes, HOG)	901	0	1 874
All-in price realization/kg (NOK) <sup>1</sup>	108,0	N/A	82,0
EBITDA/kg – Farming Norway	40,2	N/A	N/A
<b>Financial</b>			
Operating revenues (NOK 1000)	100 252	2 972	168 424
Operational EBITDA <sup>2</sup> (NOK 1000)	24 117	-22 361	-83 950
Operational EBIT <sup>2</sup> (NOK 1000)	5 755	-24 558	-130 680
Profit (loss) before tax (NOK 1000)	-1 201	-32 378	-145 773
Cash flow from operations (NOK 1000)	-1 802	-31 774	-124 445
Operational EBITDA - Farming Norway (NOK 1000) <sup>2</sup>	36 236	-9 210	-23 214
<b>Capital structure</b>			
Cash flow from investment activities (NOK 1000)	-41 460	-152 154	-358 816
Cash flow from financing activities (NOK 1000)	-2 934	76 522	590 897
Cash and cash equivalents (NOK 1000)	340 199	171 352	386 396
Net Interest-bearing debt (NOK 1000)	355 345	488 729	299 386
Equity (NOK 1000)	1 919 953	1 531 636	1 920 693
Equity ratio	70 %	67 %	71 %
<b>Profitability</b>			
Earnings per share (NOK)	-0,00	-0,09	-0,37
Total market value (NOK million, Euronext)	2 641	2 870	2 806

<sup>1</sup>Calculated on a back to farm basis and adjusted for transport cost to Norway border (Nasdaq equivalent)

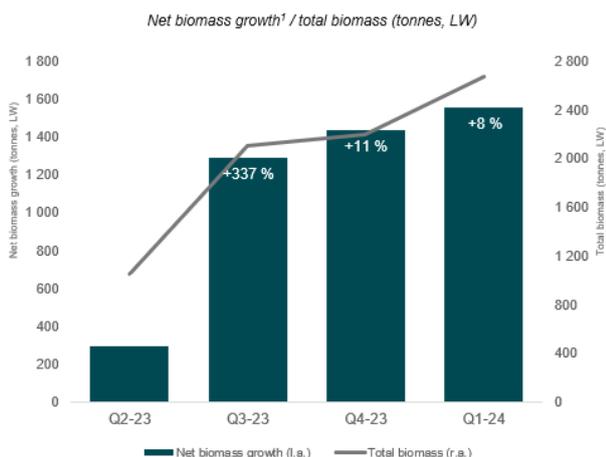
<sup>2</sup>Before fair value adjustment related to biological assets

# Norway

## Operations

Salmon Evolution has started 2024 with continued stable operations and strong harvest results.

### Steadily increasing biomass growth



1) Net biomass growth includes mortality and culling

In Q1 the biomass grew ~1,560 tonnes LW, up 8 % from Q4 2023, continuing the trend of stable increase in biomass production for the Company. When looking at the biomass within Q1, the Company saw an increasing trend throughout the quarter, with average daily feeding levels up 25 % from January to March.

The Company took delivery of a new smolt group in March, batch 11. The group has experienced a good and stable environment at Indre Harøy after arrival from the smolt facility. However, poor smolt quality has resulted in a reduced stocking volume for this batch. This highlights the need for stable delivery of high

quality smolt all year round, particularly during the cold winter season where challenges with respect to the smoltification process typically are an issue. The Company has already taken several actions to address this. Furthermore, the Company has secured overcapacity on smolt through external sourcing and will upsize stocking volumes in Q2, minimizing the impact on future harvest volumes.

At the end of the quarter Salmon Evolution had almost 2,700 tonnes LW of standing biomass, up 21 % from Q4 2023, and up 80 % from the same period last year.

In Q1 the Company harvested 901 tonnes HOG with an average weight of ~4.6 kg LW and a superior grade share of 96 %. In the quarter the Company primarily harvested batch 5, as well as the first tank of batch 6. The Q1 harvest continued the trend with an industry leading superior grade share, highlighting the stable conditions at the farm. The low average mortality, and high superior grade share, are also key indicators of good biological conditions and fish welfare.

Looking into Q2 the Company expects to harvest in the range of 1,600 to 1,800 tonnes HOG, marking the starting point of significant increase in harvest volumes going forward. An overweight of the harvesting is expected to take place in April and May.

## Indre Harøy phase 2

In Q2 of 2023 the Group announced contracts with Artec Aqua and HENT. Indre Harøy phase 2 is split in two parts, with HENT taking responsibility for civil design and construction, and Artec Aqua for design, construction, and commissioning of the process facility.

Phase 2 represents an important milestone for the company, by adding another 7.9kt HOG brining the annual production volume at Indre Harøy up to 15.8kt HOG.

In the second half of 2023, the Company completed the initial groundworks for the grow-out section as well as preparations for the intake station.

Phase 2 will be an improved copy of phase 1, incorporating key learnings after close to two

years in operation. Throughout 2024 the Company has been working with the contractors to identify cost savings and efficiency gains compared to phase 1. Although phase 2 will benefit from the substantial infrastructure investments taken in phase 1, the Company is seeing inflationary pressure on capex, and have high focus on cost optimization and facilitating competitive tendering processes as well as reducing uncertainty as part of the work to establish the final project target price.

The project is proceeding as planned and the ambition is to take the final investment decision in Q2 2024 and initiate construction after the summer holiday.

### Indre Harøy phase 2 illustration



Illustration: Salmon Evolution

As part of the project, Salmon Evolution is also developing a plan to cover the smolt needs for phase 2. The Company is evaluating several

options, including temporary external sourcing as well as expansion opportunities of our existing smolt facility.

## North America

The North America expansion is an integral part of Salmon Evolution's strategy towards a production capacity of 100kt HOG.

Salmon Evolution is currently in advanced negotiations on a high-potential site in North America. The initial site verification processes, including fatal flaws analyses of both water, biological, technical, and regulatory aspects, points to this being an ideal site for a hybrid flow-through system.

As previously communicated the focus with respect to sites is centred around areas with an established salmon farming industry, mirroring the Group's approach for Indre Harøy in Norway. Salmon Evolution sees a significant value in leveraging existing aquaculture infrastructure and value chains, enabling both scale and cost leadership, as well as reducing operational and biological risk.



It is expected that site verification and relevant regulatory approval processes will take two to three years, allowing for construction start during 2026, upon which the plan is to build a full scale 31.5kt HOG "Indre Harøy" facility drawing on the experiences learned from Norway.

To facilitate this expansion, the Group has established a dedicated team of both in-house

and external resources and is currently in the process of ramping this team up.

The Group's strategy of pursuing accretive partnerships in overseas markets remains unchanged. As the project develops, Salmon Evolution aims to engage in partnership structures leveraging the human capital in our Company and maximizing shareholder value.

## Korea

### Project overview

The Group has a joint venture, K Smart Farming, 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 approach and competence. This is planned completed in two stages, each phase aiming for an annual capacity of 8,400 tonnes HOG.



Yangyang on-growing site

The project consists of a smolt facility at Jeongseon, a grow-out site at Yangyang and certain other infrastructure. At the site for the planned smolt facility at Jeongseon, there has been freshwater trout production for many years. The planned site for the grow-out facility at Yangyang, is located on the northeast coastline of South Korea.



Jeongseon smolt site

### Project status

As previously communicated the primary focus over the last quarters has been centred around cost optimization. The Company currently sees the overall project economics as challenging, primarily driven by site specific circumstances at the Yangyang grow-out site, in particular related to the intake and discharge water solution due to a relatively long and shallow shoreline at the grow-out site. Additionally, given that Korea has no existing salmon farming industry, certain other infrastructure items and regulatory framework are impacting the project cost as well as operating cost.

The design and engineering activities for the grow-out facility at Yangyang was completed in Q1. Permitting work is on track and not considered a material risk for the realization of the project.

The project is currently engaging with relevant authorities in South Korea to shore up government financial support, to improve project economics. Further clarifications are expected during Q2-24.

## Funding

Salmon Evolution is continuously seeking to optimize its capital structure, and the Group is actively using the debt and capital markets to fund the roadmap to 100kt HOG.

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

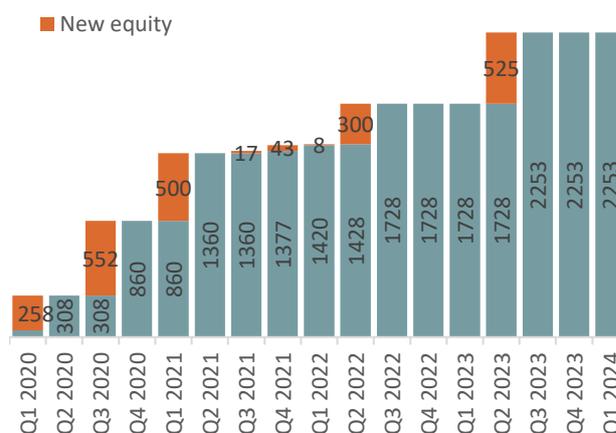
The group further raised NOK 16.6m in new equity in August 2021 as part consideration for the acquisition of Kraft Laks (Salmon Evolution Dale).

In October 2021 the Group carried out a private placement of USD 5m (NOK ~43m) towards Cargill.

Further, in April 2022 the Group carried out a private placement raising gross proceeds of NOK 300 million at a subscription price of NOK 9.00 per share.

In April 2023 the Group carried out a private placement raising gross proceeds of NOK 525 million at a subscription price of NOK 7.7 per share, bringing total raised equity to more than NOK 2.2 billion.

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



Source: Group data.

### Funding Indre Harøy Phase 1 and 2

In the first half of 2023 the Group refinanced its existing senior secured debt financing package related to Indre Harøy Phase 1, and secured debt financing for the phase 2 expansion through a NOK 1,550 million green debt financing package.

The new debt financing package consists of the following credit facilities:

- NOK 525 million non-amortizing term loan facility (the "Term loan").
- NOK 250 million RCF facility available for general corporate purposes including Indre Harøy phase 2 capex (the "RCF facility")

- NOK 775 million construction facility available for financing of capex relating to phase 2 at Indre Harøy (the "Construction Facility").

As per 31 December 2023, the Term Loan of NOK 525 million was fully drawn. Neither the RCF facility nor the Construction Facility was drawn as per 31 March 2024.

In addition, the Group has a NOK 100m overdraft facility for biomass and receivables financing of which NOK 100 million was drawn at the end of Q1.

**Funding Salmon Evolution Dale**

The Group has a debt financing package of NOK 60 million in relation to Salmon Evolution Dale at favourable commercial terms reflecting the solid operational and financial track record of the facility.

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

- NOK 25 million in acquisition financing utilized for refinancing of seller's credit with previous owners

As part of the Indre Harøy phase 2 build out, the Group is evaluating expansion opportunities at Dale. In such scenario further debt financing of Salmon Evolution Dale is expected.

As per 31 March 2024 about NOK 57 million of the NOK 60 million debt financing package was drawn.

## 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 chosen 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 reusage level of around 65% is in the Company's view a "sweet spot" balancing cost and operational risk. Higher reusage 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 reusage 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, enabling the Company to tap into ideally

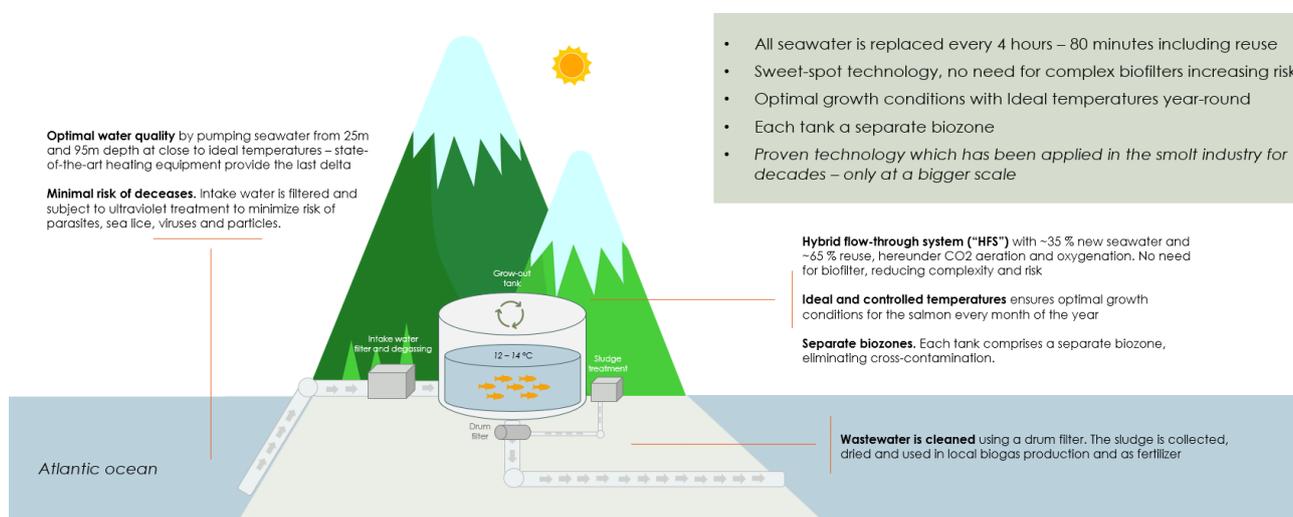
tempered water and hence reducing energy costs relating to heating of seawater.

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 deceases 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.



## Group financial review

### Revenue and results for the first quarter 2024

#### Summary of result

(figures in NOK 1000)	Q1 24	Q1 23	2023
Total operating revenue	100 252	2 972	168 424
<b>Operational EBITDA</b>	<b>24 117</b>	<b>-22 361</b>	<b>-83 950</b>
<b>Operational EBIT</b>	<b>5 755</b>	<b>-24 558</b>	<b>-130 680</b>
Fair value adjustment of biomass	942	547	20 149
Operating profit (EBIT)	6 697	-24 011	-110 532
Net financials	-7 899	-8 367	-35 241
Profit/loss before tax	-1 201	-32 378	-145 773
Income tax expense	0	0	0
<b>Profit/loss for the period</b>	<b>-1 201</b>	<b>-32 378</b>	<b>-145 773</b>

#### Comparable figures for Q1 2023 in brackets

In Q1 2024 the Company recorded operating revenues of NOK 100.3 million (NOK 3.0 million). This mostly relates to harvest of 901 tonnes HOG at an average weight of ~4.6 kg LW and a superior grade share of 96 %. The all-in price realization was NOK ~108/kg, including downgraded fish. Additionally, the Group sold services totalling NOK 2.0 million and had some income from government grants.

Other operating expenses totalled to NOK 40.3 million (NOK 23.7 million). This consisted mainly of operating expenses at our facilities in Dale and Indre Harøy, costs related to the expansion projects and other administration expenses.

The Company recorded depreciations of NOK 18.4 million (NOK 2.2 million), mostly related to the facility at Indre Harøy. Depreciations for the Indre Harøy facility commenced in May 2023. The Company initiated depreciations of the upgrades undertaken at the smolt facility in Dale, in Q1 2024, being the primary reason that the depreciations compared to last quarter has increased somewhat.

The Company had a positive EBITDA of NOK 24.1 million (NOK -22.4 million) in the quarter. This is

the first time Salmon Evolution also reports a positive Group EBITDA. The Company also had a positive EBIT at Group level of NOK 5.8 million (NOK -24.6 million). After fair value adjustment related to the biomass of NOK 0.9 million, the Group recorded an EBIT of NOK 6.7 million in Q1 2024.

The Group recorded capacity adjustments for unutilized production capacity of NOK 7.9 million in the quarter.

Net financials for the quarter were negative at NOK 7.9 million (NOK -8.4 million), mostly because of interest rate costs, partly offset by a positive change in value of the interest rate swap contract and interest rate income on the bank deposits.

The Group recorded no tax cost in Q1, and the loss ended at NOK 1.2 million (NOK -32.4 million).

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.

## Farming Norway

Farming Norway	Q1 2024	Q1 2023	2023
Operating revenue (NOK 1000)	98 205	0	158 248
Operational EBITDA (NOK 1000) <sup>1</sup>	36 236	-9 210	-23 214
Operational EBIT (NOK 1000) <sup>1</sup>	18 207	-10 667	-67 932
All-in price realization/kg (NOK) <sup>2</sup>	108,0	N/A	82,0
Harvest volumes (tonnes, HOG)	901	0	1 874
Farming EBITDA cost/kg (NOK) <sup>3</sup>	67,0	N/A	N/A
Operational EBITDA/kg (NOK)	40,2	N/A	N/A

<sup>1</sup> Before fair value adjustment related to biological assets

<sup>2</sup> Calculated on a back to farm basis and adjusted for transport cost to Norway border (Nasdaq equivalent)

<sup>3</sup> Sum of all direct production and harvest cost and other operating expenses (G&A), divided by harvest volume. Sales and export costs excluded

In the farming segment Salmon Evolution harvested of 901 tonnes HOG with an average weight of ~4.6 kg LW, and an all-in price realization of NOK ~108/kg, including downgraded fish. The price realization was driven by an industry leading superior share of 96 %. This resulted in sales revenues of 97.5 million in Q1. Additionally, the segment had other income of 0.7 million related to government grants.

The reported sales price is calculated on a back to farm basis and adjusted for transport cost to Norway border (Nasdaq equivalent). The Company had four harvest weeks in Q1 relatively evenly spread throughout the quarter.

The farming EBITDA cost in the segment, including allocated G&A, was NOK 67.0 per kg. This was excluding sales and export costs, primarily transport from slaughterhouse to customers.

The farming segment had an EBITDA of NOK 36.2 million, equivalent to NOK 40.2 per kg. The farming segment EBIT ended at 18.2 million, equivalent to NOK 20.2 per kg.

The segment recorded capacity adjustments for unutilized production capacity of NOK 7.9 million.

## Other

Other	Q1 2024	Q1 2023	2023
Operating revenue (NOK 1000)	6 463	7 804	27 564
Operational EBITDA (NOK 1000)	-12 119	-13 152	-60 737

The other segment had operating revenues of NOK 6.5 million related to sale of services to Group companies and the K Smart joint venture.

With regards to services rendered to the K Smart joint venture, this mostly relate to consultants which Salmon Evolution has contracted to work

on the project, and which are invoiced to K Smart in its entirety.

The operational EBITDA ended at NOK -12.1 million. This result was driven by expansion costs, which include headquarter costs, development costs for the overseas projects, and general corporate expenses including salaries.

In the Other segment all resources related to projects and the technology department are employed, in addition to other general corporate functions. The Other segment charges group companies a management fee

for services rendered. In general, the Group has also taken a conservative approach to capitalizing costs on new projects and developments.

## Cash flow

Comparable figures for Q1 2023 in brackets

Consolidated net cash flow from operating activities was NOK -1.8 million in Q1 2024 (negative NOK 31.8 million). The Company added about 460 tonnes LW of biomass in the quarter, approaching expected run-rate standing biomass towards the end of the quarter.

Having completed phase 1 at Indre Harøy, the net cash flow from investment activities has been reduced and ended at negative NOK 41.4 million (negative NOK 152.2 million). Investments in Q1 were primarily driven by activities related to the project design for Indre Harøy phase 2, as well as the North America project and a one of effect related to settlement of VAT of NOK 7.6 million.

Cash flow from financing activities during the quarter was positive with NOK 2.5 million.

Total net cash flow during the first quarter was negative with NOK 46.2 million (negative NOK 107.4 million). The liquidity position at the end of the period was strong, with cash and cash equivalents of NOK 340.2 million.

Total available liquidity ended at of NOK 593.2 million, this includes available committed undrawn credit facilities, but excludes the committed construction facility of NOK 775 million in relation to Indre Harøy Phase 2.

### Cash flow summary

(figures in NOK 1000)

	Q1 2024	Q1 2023	2023
<b>Net cash flow from operating activities</b>	<b>-1 802</b>	<b>-31 774</b>	<b>-124 445</b>
<b>Net cash flow from investments activities</b>	<b>-41 460</b>	<b>-152 154</b>	<b>-358 816</b>
<b>Net cash flow from financing activities</b>	<b>-2 934</b>	<b>76 522</b>	<b>590 897</b>
Net change in cash and cash equivalents	-46 197	-107 406	107 636
<b>Cash and cash equivalents at start of period</b>	<b>386 396</b>	<b>278 759</b>	<b>278 759</b>
<b>Cash and cash equivalents at end of period</b>	<b>340 199</b>	<b>171 352</b>	<b>386 396</b>

## Financial position

Comparable figures for Q1 2023 in brackets

(figures in NOK 1000)	31 March 2024	31 Dec 2023	31 March 2023
Non-current assets	2 099 098	2 076 513	1 943 697
Current assets	632 585	633 072	352 039
<b>Total assets</b>	<b>2 731 682</b>	<b>2 709 585</b>	<b>2 295 736</b>
Equity	1 919 953	1 920 693	1 531 636
Non-current liabilities	586 208	586 859	574 360
Current liabilities	225 521	202 032	189 740
<b>Total equity and liabilities</b>	<b>2 731 682</b>	<b>2 709 585</b>	<b>2 295 736</b>

On 31 March the book value of the Group's assets was NOK 2,731.7 million (NOK 2,295.7 million). This is relatively similar to the book value reported at year end, 31 December 2023.

The fixed assets in the Group mostly relate to the facility at Indre Harøy, comprising land, buildings, and production equipment, as well as the Dale smolt facility and other smaller items. There are no significant movements from the previous quarter.

The current assets in the Group are primarily biological assets, other current receivables, and cash & cash equivalents.

Total equity amounted to NOK 1,920.0 million (NOK 1,531.6 million). This corresponds to an equity ratio of 70% (67%).

Consolidated net interest-bearing liabilities totalled NOK 355.3 million (NOK 488.7 million) which mainly relates to the financing of Indre Harøy phase 1.

## Subsequent events

No material subsequent events.

## Transactions with related parties

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

There were no material transactions with related parties as per 31 March 2024

## Share information

As per 31 March 2024 Ronja Capital II AS was the Group's largest shareholder with 30,140,645 shares, corresponding to 7.3% of the total number of shares outstanding. The 20 largest shareholders held 54.1% of the shares in the Group.

During the quarter the average daily traded volume was about 730,000 shares and the average daily traded value was about NOK 4.9 million (Oslo Børs).

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

### 20 largest shareholders 31 March 2024

Shareholder	# of shares	% share
Ronja Capital II AS	30 140 645	7,3 %
The Bank of New York Mellon SA/NV	25 932 897	6,3 %
Farvatn Private Equity AS	18 939 433	4,6 %
Dongwon Industries Co. Ltd	16 044 572	3,9 %
Rofisk AS	14 537 897	3,5 %
Kjøllås Stansekniver AS	12 506 439	3,0 %
Stette Invest AS	11 744 288	2,8 %
Verdipapirfondet Dnb Norge	11 113 276	2,7 %
J.P. Morgan SE	9 586 157	2,3 %
Ewos AS	9 480 984	2,3 %
Jakob Hatteland Holding AS	8 758 786	2,1 %
Verdipapirfondet DNB SMB	8 593 688	2,1 %
Lynghem Invest AS	8 449 252	2,0 %
Mevold Invest AS	8 141 141	2,0 %
Bortebakken AS	7 694 330	1,9 %
VPF DNB Norge Selektiv	7 196 237	1,7 %
Salmoserve AS	4 150 000	1,0 %
J.P. Morgan SE	3 794 959	0,9 %
J.P. Morgan SE	3 691 024	0,9 %
Verdipapirfondet Nordea Avkastning	3 578 295	0,9 %
<b>Total 20 largest shareholders</b>	<b>224 074 300</b>	<b>54,1 %</b>
Other shareholders	189 862 340	45,9 %
<b>Total number of shares</b>	<b>413 936 640</b>	<b>100,0 %</b>

Source: VPS, Company

## Risk and uncertainties

As described in the Annual Report for 2023, Salmon Evolution's business activities entail exposure to various types of risk, including risk related to project, market-, operational- and financial development. The Group's internal controls and risk exposure are subject to continuous monitoring and improvement, and efforts to reduce risk in different areas have a high priority. Below is a summary of some of the risks facing the Group.

### **Operational risk**

The greatest operational risk relates to biological incidents within the Group's aquaculture operations. Although Salmon Evolution has been in operations close to two years, land-based salmon farming is still a relatively young industry and is subject to inherent risk by being an industry in a development phase. The Company is vulnerable to errors in technology,

production equipment and maintenance routines as well as diseases which may have a material adverse effect.

Further, challenges or incidents in connection with the ongoing production ramp up could also have adverse effects for the Group's ability to realize its business plan.

### **Project risk**

Successful project execution and construction are decisive for the Group'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 Group's ability to realize its business plan.

In the current contract structure for phase 2 there are moderate risk sharing elements to incentivise realization of the project at target price and on-time.

### **Market risk**

The Company is exposed to the fluctuations and overall development of the salmon prices. Through 2023 salmon prices remained strong, supported by strong demand. As of 31 March 2024, the Group has not entered any hedging programs to reduce its exposure to the salmon price.

Furthermore, the Group is exposed to changes in market prices for the input factors used in the production process, in particular feed prices and electricity prices. As to the latter, the Group has hedged about half of its expected electricity needs for 2024-2026, with a gradually declining hedging profile.

### **Interest Rate risk**

The Group's interest rate risk relates primarily to borrowings from financial institutions with floating interest rates. Currently, the Group has entered into hedging programs to reduce this risk for parts of its planned borrowings. As of 31 March 2024, outstanding loans from credit institutions amounted to NOK 683.8 million (excluding financial leasing).

The Groups bank loans have an interest rate of NIBOR 3M plus an agreed margin. To reduce exposure to fluctuations in the interest rate the Group has entered interest rate swap contracts for a total amount of NOK 200 million.

**Foreign Currency risk**

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 per 31 March 2024 the Group did not have material any exposure in foreign currency contracts.

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. The Group has procedures in place to ensure that products are only sold to customers with satisfactory creditworthiness, and in all material respect use credit insurance. This risk is not considered to be material on 31 March 2024.

**Liquidity risk**

A lack of liquidity will entail a risk that the Group will not be able to pay its obligations on maturity. 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 and long-term plans.

## Outlook statement from the board of directors

When the Company was founded, the ambition was to produce salmon in a better and more sustainable way. Over the last few years, Salmon Evolution has come a long way in achieving this ambition. Utilizing the hybrid flow-through system, Salmon Evolution farms salmon in a controlled environment creating excellent growth conditions for the salmon. This, paired with a strong operational team determined to improve every day, has put the Company on the forefront of the land-based salmon farming industry.

In Q1 another milestone was reached by achieving profitability not only at the farming segment level, but also at Group level. The strong financial results were driven by excellent biology. The Company harvested 901 tonnes HOG with an average superior grade share of 96 %. This facilitated an all-in price realization, including downgraded fish, of NOK ~108 per kg resulting in sales revenues of 98.2 million. EBITDA in the farming segment ended at NOK 36.2 million, equivalent to NOK 40.2 per kg. The Group EBIT ended at NOK 5.7 million, demonstrating that both capital costs and expansion costs are covered even at relatively modest harvest volumes. The results also underlines the highly efficient and strong operational platform of Salmon Evolution.

Admittedly a harvest volume of 901 tonnes HOG is still modest, but already in Q2, harvest volumes are expected to pick up significantly to an estimated 1,600 – 1,800 tonnes HOG, a significant step towards the annual production targets. Towards the end of the quarter Salmon Evolution also had a standing biomass of almost 2,700 tonnes, close to the expected steady state run-rate.

Having a strong operational and financial proof of concept, is an ideal backdrop to continue scaling the Company further in Norway and abroad. The operational and financial performance of our Indre Harøy facility

highlights the value of tapping into an existing value chain and talent base. This is a key reason why Salmon Evolution is targeting areas with an established salmon farming industry for its North America expansion. Mirroring the approach for Indre Harøy in Norway, Salmon Evolution sees a significant value in leveraging existing aquaculture infrastructure and value chains, enabling both scale and cost leadership, as well as reducing operational and biological risk.

Looking ahead supply estimates for 2024 has consistently been revised downwards over the last few quarters. This is driven by a challenging biology, especially in Norway where the conventional sea-based farmers have seen significant challenges with jellyfish and winter wounds causing record high volumes of downgraded fish. The market for 2024 and beyond looks tight, supporting a scenario with high salmon prices going forward, as also evidenced with the Fishpool forward price at around NOK 100/kg on average for 2024. Ramping up production and harvest volumes, Salmon Evolution is in a solid position to benefit from this over the coming quarters and years.

Salmon Evolution continues to see a significant demand growth potential for salmon and believes that land-based farming will need to play an important role, alongside conventional farming, for the industry to be able utilize the demand potential. With phase 1 at Indre Harøy in full operation and having a strong financial platform, Salmon Evolution is in a unique position to continue to lead and shape the development of this industry.

## Summary year to date

- Harvest of 901 tonnes HOG, with an average weight of 4.6 kg LW and a industry leading superior grade share of 96 %.
- Strong financial performance – profitable both at farming and group level in Q1.
- Solid financial position with available liquidity of NOK 593 million per 31 March 2024 including committed available undrawn credit facilities, excluding the 775 million construction facility in relation to Indre Harøy phase 2.

## 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 March 2024 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 period 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  
Ålesund/Elnesvågen 7 May 2024



Tore Tønseth  
Chair



Peder Stette  
Director



Anne Breiby  
Director



Ingvild Vartdal  
Director



Janne-Grethe Strand Aasnæs  
Director



Jan-Emil Johannessen  
Director



Vibecke Bondø  
Director



Trond Håkon Schaug-Pettersen  
CEO

## Interim financial statements

### Statement of Profit and Loss

<b>Summary of result</b>				
(figures in NOK 1000)	Note	Q1 2024	Q1 2023	2023
Sales revenues	2	97 522	2 489	153 325
Other income		2 730	482	15 099
<b>Total operating revenue</b>		<b>100 252</b>	<b>2 972</b>	<b>168 424</b>
Change in inventory	3,4	30 828	37 578	78 476
Cost of materials	3,4	-48 594	-21 250	-126 180
Personnel expenses	5	-18 112	-17 976	-76 052
Other operating expenses		-40 257	-23 684	-128 619
<b>Operational EBITDA</b>		<b>24 117</b>	<b>-22 361</b>	<b>-83 950</b>
Depreciations	6	-18 362	-2 197	-46 730
<b>Operational EBIT</b>		<b>5 755</b>	<b>-24 558</b>	<b>-130 680</b>
Fair value adjustment of biomass	3	942	547	20 149
<b>Operating Profit (EBIT)</b>		<b>6 697</b>	<b>-24 011</b>	<b>-110 532</b>
Financial income	7	7 146	1 845	21 481
Financial expense	7	-13 207	-9 141	-49 624
Share of net income from associated companies	8	-1 837	-1 071	-7 098
<b>Financial expense - net</b>		<b>-7 899</b>	<b>-8 367</b>	<b>-35 241</b>
Profit/loss before tax		-1 201	-32 378	-145 773
Income tax expense	9	0	0	0
<b>Profit/loss for the period</b>	<b>10</b>	<b>-1 201</b>	<b>-32 378</b>	<b>-145 773</b>
Basic earnings per share (NOK)	10	-0,00	-0,09	-0,37
Diluted earnings per share (NOK)	10	-0,00	-0,09	-0,37
<b>Statement of Comprehensive Income</b>				
Profit/(loss) for the period		-1 201	-32 378	-145 773
Currency translation differences	8	348	-484	-861
<b>Total comprehensive income for the period</b>		<b>-854</b>	<b>-32 862</b>	<b>-146 634</b>

## Statements of financial position

(figures in NOK 1000)	Note	31 March 2024	31 March 2023	31 Dec 2023
<b>Assets</b>				
Intangible assets	6	73 228	65 235	72 536
Deferred tax assets	9	415	2 077	415
Assets under construction	6	106 827	1 804 233	70 781
Assets in use, not allocated	6	23 293	0	54 019
Property, plant & equipment	6	1 866 979	33 010	1 848 190
Right-of-use assets	6	11 170	14 062	12 084
Investment in associated companies	8	17 186	25 080	18 676
<b>Total non-current assets</b>		<b>2 099 098</b>	<b>1 943 697</b>	<b>2 076 513</b>
Inventory	3	11 195	3 510	8 369
Biological assets	3	182 627	95 483	153 790
Trade receivables		38 506	3 799	40 496
Other current receivables		45 064	59 258	31 121
Financial derivatives	7	14 993	18 637	12 900
Cash and cash equivalents		340 199	171 352	386 396
<b>Total current assets</b>		<b>632 585</b>	<b>352 039</b>	<b>633 072</b>
<b>Total assets</b>		<b>2 731 682</b>	<b>2 295 736</b>	<b>2 709 585</b>
<b>Equity and liabilities</b>				
Share capital	11	20 697	17 288	20 697
Share premium	11	2 124 647	1 627 073	2 124 647
Other reserves	5	10 871	8 911	10 758
Other equity		0	0	0
Uncovered losses		-236 262	-121 636	-235 408
<b>Total equity</b>		<b>1 919 953</b>	<b>1 531 636</b>	<b>1 920 693</b>
Long-term interest-bearing debt	12	570 000	555 669	569 969
Lease liabilities - long term	12	7 506	10 142	8 189
Other long-term liabilities	12	8 702	8 549	8 702
<b>Total non-current liabilities</b>		<b>586 208</b>	<b>574 360</b>	<b>586 859</b>
Short-term interest-bearing debt	12	113 798	90 043	103 275
Trade payables		86 110	79 007	71 499
Social security and other taxes		4 639	5 591	8 273
Lease liabilities - short term	12	4 240	4 227	4 350
Other short-term liabilities		16 734	10 872	14 635
<b>Total current liabilities</b>		<b>225 521</b>	<b>189 740</b>	<b>202 032</b>
<b>Total liabilities</b>		<b>811 729</b>	<b>764 100</b>	<b>788 891</b>
<b>Total equity and liabilities</b>		<b>2 731 682</b>	<b>2 295 736</b>	<b>2 709 585</b>

## Statement of cash flow

(figures in NOK 1000)	Note	Q1 2024	Q1 2023	2023
<b>Cash flow from operations</b>				
Profit/loss before tax		-1 201	-32 378	-145 773
<b>Adjustments for:</b>				
Depreciation	6	18 362	2 197	46 730
Net financials		7 899	8 367	35 241
Share based payment expenses		114	592	2 438
<b>Changes in working capital:</b>				
Change in trade receivables		1 990	19 281	-15 605
Change in other current receivables		-863	8 130	33 785
Change in inventory and biological assets	3	-30 721	-37 578	-81 143
Change in fair value of biomass	3	-942	-547	-20 149
Change in trade payables		5 097	568	12 330
Change in social security and other taxes		-3 634	-1 495	772
Change in other current liabilities		2 098	1 088	6 928
<b>Net cash flow from operations</b>		<b>-1 802</b>	<b>-31 774</b>	<b>-124 445</b>
<b>Cash flow from investment activities</b>				
Payments for fixed assets net of government grants	6	-40 579	-152 069	-351 615
Payments for intangible assets	6	-881	-86	-7 201
<b>Net cash flow from investment activities</b>		<b>-41 460</b>	<b>-152 154</b>	<b>-358 816</b>
<b>Cash flow from financing activities</b>				
Proceeds from issue of equity, net paid transaction costs		0	0	500 982
Proceeds from new borrowings	12	10 554	77 190	104 875
Repayment of borrowings		0	0	0
Net change in right of use assets and liabilities		109	81	227
Financial expenses paid		-14 580	-2 122	-35 568
Financial income received		983	1 373	20 381
<b>Net cash flow from financing activities</b>		<b>-2 934</b>	<b>76 522</b>	<b>590 897</b>
Net change in cash and cash equivalents		-46 197	-107 406	107 636
Cash and cash equ. at the beginning of the period		386 396	278 759	278 759
<b>Cash and cash equ. at the end of the period</b>		<b>340 199</b>	<b>171 352</b>	<b>386 396</b>

## Statement of Changes in Equity

(figures in NOK 1000)		Share capital	Share premium	Other reserves	Other equity	Uncovered losses	Total equity
<b>Balance at 1 January 2023</b>	11	17 288	1 627 073	8 320	0	-88 774	1 563 906
Profit/loss for the period		0	0	0	0	-32 378	-32 378
Other comprehensive income		0	0	0	0	-484	-484
<b>Total comprehensive income</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-32 862</b>	<b>-32 862</b>
Share options issued		0	0	0	0	0	0
Share based payment expensed		0	0	592	0	0	592
<b>Transactions with owners</b>		<b>0</b>	<b>0</b>	<b>592</b>	<b>0</b>	<b>0</b>	<b>592</b>
<b>Balance at 31 March 2023</b>	11	17 288	1 627 073	8 911	0	-121 636	1 531 636
<b>Balance at 1 January 2024</b>	11	20 697	2 124 647	10 758	0	-235 408	1 920 693
Profit/loss for the period		0	0	0	0	-1 201	-1 201
Other comprehensive income		0	0	0	0	348	348
<b>Total comprehensive income</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-854</b>	<b>-854</b>
Share options issued		0	0	0	0	0	0
Share based payment expensed		0	0	113	0	0	113
<b>Transactions with owners</b>		<b>0</b>	<b>0</b>	<b>113</b>	<b>0</b>	<b>0</b>	<b>113</b>
<b>Balance at 31 March 2024</b>	11	20 697	2 124 647	10 871	0	-236 262	1 919 953

## 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 International AS, Salmon Evolution Dale AS and Salmon Evolution Sales AS (the "Company", "SE" or "the Group") is a Norwegian business headquartered in Hustadvika kommune 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 recently is completed and has an annual production of 7,900 tons HOG. Salmon Evolution also targets significant international expansion.

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, utilizing fresh seawater from the Norwegian coast. Construction start of phase 1 was in Q2 2020, and was completed mid April 2023. The first smolt batch was released at Indre Harøy late March 2022 as per original timeline, and the Group completed its first harvest in November 2022.

These interim financial statements were approved by the Board of Directors for issue on 6 May 2024.

These interim financial statements have not been audited.

#### **Consolidation**

These condensed consolidated statements for the period ended 31 March 2024 include Salmon Evolution ASA together with its subsidiaries Salmon Evolution Norway AS, Salmon Evolution International AS, Salmon Evolution Dale AS and Salmon Evolution Sales AS (Established in July 2022).

In 2022 the Group established two new companies – Salmon Evolution North America Holdings LLC and Salmon Evolution North America LLC - that is not yet taken into operation. Both Companies is a subsidiary of Salmon Evolution International AS, owned 100%.

#### **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 as the annual financial statement and should therefore be read in conjunction with the annual financial statements for the year ended 31 December 2023, which have been prepared in accordance with IFRS.

#### **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.

**Accounting policies**

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 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. The Group does not include net deferred tax benefits in its balance that exceeds the tax effect of group contributions in order to equalize tax payable in its subsidiaries.

**Revenue**

Revenue from contracts with customers as defined in IFRS 15 is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the group expects to be entitled in exchange for those goods.

Revenue for the Group derives from sale of whole and processed salmon in the spot market. It has not been made any sales contracts. The Group recognised revenue at the point in time when control of the goods is transferred to the customer at an amount that reflects the expected amount that the group is entitled to have for the goods. The sales price is based on available market price where the price will vary with both quality and size.

Normal credit term of the sales transactions is 30 days. If the delivered products have discrepancies compared to the agreed sales contract, cash refunds are given to the customer. Up until now, refunds are not material.

**Property, plant & equipment**

Property, plant, and equipment is measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and 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. 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 intended use. In April 2023 the Group completed takeover of phase 1 at Indre Harøy, and the relevant assets have therefore commenced depreciation.

**Biological assets**

Biological assets are, in accordance with IAS 41, measured at fair value unless the fair value cannot be measured reliably. For salmon in the grow-out facility, a present value model is applied to estimate the fair value. For roe, fry and smolt, historical cost is deemed to provide the best estimate of fair value, and hence applied.

The Group is still in a ramp-up phase and not yet at steady state production volumes for the grow-out facility at Indre Harøy, and hence the facility's production capacity is not fully utilized. Cost of production is therefore adjusted for unutilized production capacity.

For further information, please refer to note 3.

**Borrowing costs**

In accordance with IAS 23, the Group's loan agreements are subject to the following principles relating to borrowing costs:

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

## Note 2 – Segment

The Group has implemented segment reporting which consists of production of farmed salmon in Norway (Farming Norway), other activities (Other), and eliminations. The segment performance is monitored to assess performance and profitability at a strategic level.

Farming Norway consists of Salmon Evolution Norway AS (grow-out facility), Salmon Evolution Dale AS (smolt facility) and Salmon Evolution Sales AS. Additionally a portion of the Group overhead costs is allocated to the segment.

Other consist of both revenue and costs not attributable to the farming segment.

The same accounting principles as described for the Group financial statements have been applied for the segment reporting, where internal transactions are entered into under normal commercial terms and conditions.

Sales revenue from contracts with customers comes from both Continental Europe, UK, Asia and other markets.

(In thousand NOK)	Farming Norway	Other	Eliminations	Group
<b>Q1 2024</b>				
External revenue	98 205	2 047	0	100 252
Internal revenue	0	4 416	-4 416	0
<b>Operating revenue</b>	<b>98 205</b>	<b>6 463</b>	<b>-4 416</b>	<b>100 252</b>
Operational EBITDA	36 236	-12 119	0	24 117
Operational EBIT	18 207	-12 452	0	5 755
Fair value adjustment of biomass				942
Net financial				-7 899
<b>Profit/loss before tax</b>				<b>-1 201</b>
Harvested volum (tonnes, HOG)	901			901
Operational EBITDA/kg (NOK)	40,2			26,8
Operational EBIT/kg (NOK)	20,2			6,4
<b>Total PPE</b>	<b>2 061 963</b>	<b>20 957</b>	<b>-1 424</b>	<b>2 081 496</b>

(In thousand NOK)	Farming Norway	Other	Eliminations	Group
<b>Q1 2023</b>				
External revenue	0	2 972	0	2 972
Internal revenue	0	4 832	-4 832	0
<b>Operating revenue</b>	<b>0</b>	<b>7 804</b>	<b>-4 832</b>	<b>2 972</b>
Operational EBITDA	-9 210	-13 152	0	-22 361
Operational EBIT	-10 667	-13 891	0	-24 558
Fair value adjustment of biomass				547
Net financial				-8 367
<b>Profit/loss before tax</b>				<b>-32 378</b>
Harvested volum (tonnes, HOG)	0			0
Operational EBITDA/kg (NOK)	N/A			N/A
Operational EBIT/kg (NOK)	N/A			N/A
<b>Total PPE</b>	<b>1 902 205</b>	<b>13 686</b>	<b>649</b>	<b>1 916 540</b>

(In thousand NOK)	Farming Norway	Other	Eliminations	Group
<b>FY 2023</b>				
External revenue	158 248	10 176	0	168 424
Internal revenue	0	17 388	-17 388	0
<b>Operating revenue</b>	<b>158 248</b>	<b>27 564</b>	<b>-17 388</b>	<b>168 424</b>
Operational EBITDA	-23 214	-60 737	0	-83 950
Operational EBIT	-67 932	-63 855	1 107	-130 680
Fair value adjustment of biomass				20 149
Net financial				-35 241
<b>Profit/loss before tax</b>				<b>-145 773</b>
Harvested volum (tonnes, HOG)	1 874			1 874
Operational EBITDA/kg (NOK)	N/A			N/A
Operational EBIT/kg (NOK)	N/A			N/A
<b>Total PPE</b>	<b>2 044 341</b>	<b>14 980</b>	<b>-1 899</b>	<b>2 057 422</b>

### Note 3 – Biological assets and inventory

Biological assets are, in accordance with IAS 41, measured at fair value unless the fair value cannot be measured reliably. For salmon in the grow-out facility, a present value model is applied to estimate the fair value. For roe, fry and smolt, historical cost is deemed to provide the best estimate of fair value, and hence applied.

The fair value of fish in the grow-out facility is calculated by multiplying the estimated biomass at the time of harvest with the estimated sales price at the same time and deducted for estimated costs to sell. For fish not ready for harvest, remaining production costs to grow the fish to harvest weight are deducted. The cash flow is further discounted by a discount rate taking into account both risk adjustment and time value.

The Group considers that fish greater than 4.6 kg is ready for harvest (about 3.8 kg gutted weight), and such fish is thus classified as harvestable fish. Fish that have not achieved this weight are classified as non-harvestable.

<b>BOOK VALUE OF INVENTORY</b>	<b>NOK 1000</b>		
	<b>Q1 2024</b>	<b>Q1 2023</b>	<b>FY 2023</b>
Equipment	3 470	0	2 667
Raw materials	7 365	3 510	4 433
Biological assets	182 627	95 483	153 790
Finished goods	359	0	1 270
<b>Total</b>	<b>193 822</b>	<b>98 993</b>	<b>162 159</b>

<b>BIOLOGICAL ASSETS</b>	<b>TONNES</b>		
	<b>Q1 2024</b>	<b>Q1 2023</b>	<b>FY 2023</b>
Biological assets end of period	2 270	1 475	2 204

	<b>NOK 1000</b>		
	<b>Q1 2024</b>	<b>Q1 2023</b>	<b>FY 2023</b>
<b>Biological assets beginning of period</b>	<b>153 790</b>	<b>58 927</b>	<b>58 927</b>
Increase due to production	89 642	36 008	218 496
Reduction due to harvest/sale	-61 747	0	-130 880
Reduction due to incident based mortality	0	0	-12 901
Fair value adjustment beginning of period	-31 889	-11 740	-11 740
Fair value adjustment end of period	32 831	12 288	31 889
<b>Biological assets end of period</b>	<b>182 627</b>	<b>95 483</b>	<b>153 790</b>

The estimated biomass volume is based on the actual number of individuals in the grow-out departments on the balance sheet date, adjusted for projected mortality up to harvest time and multiplied with the estimated harvest weight per individual at harvest time.

Sales price for the fish in the grow-out facility is based on forward prices from Fish Pool with relevant adjustments. The net sales value is adjusted for expected quality differences and harvesting, logistics and sales expenses.

The Company is still in a ramp-up phase and not yet at steady state production volumes for the grow-out facility at Indre Harøy, and hence the facility's production capacity is not fully utilized. Cost of production is therefore adjusted for unutilized production capacity. As per 31 March 2024 this adjustment amounted to NOK 7.9 million which has been expensed directly in the profit and loss statement.

## Note 4 – Cost of materials and change in inventory

(numbers in thousand NOK)	Q1 2024	Q1 2023	FY 2023
Cost of materials and change in inventory	-17 766	16 328	-47 704

### Composition COGS:

Inventory change	30 828	37 578	78 476
Raw material purchase	-48 594	-21 250	-126 180
<b>Sum</b>	<b>-17 766</b>	<b>16 328</b>	<b>-47 704</b>

### Composition inventory change:

Change due to production	89 642	36 008	218 496
Change due to harvest/sale	-61 747	0	-130 880
Change due to incident based mortality	0	0	-12 901
Change inventory raw material	2 932	1 570	3 762
<b>Sum</b>	<b>30 828</b>	<b>37 578</b>	<b>78 476</b>

### Composition - change due to production:

Raw material cost	45 662	19 680	122 419
Salaries	7 784	4 892	17 670
Energy cost	13 254	4 826	29 567
Depreciations	12 924	431	22 778
Other operating expenses	10 018	6 180	26 062
<b>Sum</b>	<b>89 642</b>	<b>36 008</b>	<b>218 496</b>

## Note 5 – Share based payment expenses

Effects on financial statement:

NOK thousands	Q1 2024	Q1 2023
Other paid-in capital	113	592
<b>Net BS</b>	<b>113</b>	<b>592</b>
	Q1 2024	Q1 2023
Option cost	-113	-592
<b>Net PL</b>	<b>-113</b>	<b>-592</b>
	Q1 2024	Q1 2023
Capitalized option cost	0	0
<b>Allocated to CAPEX</b>	<b>0</b>	<b>0</b>

## Note 6 – Property, plant and equipment

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.

In April 2023 the Group completed takeover of phase 1 at Indre Harøy, subsequently the Indre Harøy facility has been reclassified from asset under construction. These assets have commenced depreciation from May 2023.

(figures in NOK 1000)	Intangible assets	Assets under construction	Assets in use, not allocated	Buildings and property	Fixtures and fittings	Right-of-use assets	Total
Cost 1 January 2023	65 149	1 713 490	0	7 607	26 419	18 562	1 831 228
Additions	86	90 743	0	0	3 624	2 102	96 555
Completed constructions	0	0	0	0	0	0	0
<b>Cost 31 March 2023</b>	<b>65 235</b>	<b>1 804 233</b>	<b>0</b>	<b>7 607</b>	<b>30 044</b>	<b>20 664</b>	<b>1 927 783</b>
Acc. depreciation 1 January 2023	0	0	0	-951	-2 534	-5 561	-9 046
Depreciation for the period	0	0	0	-164	-992	-1 041	-2 197
<b>Net book value 31 March 2023</b>	<b>65 235</b>	<b>1 804 233</b>	<b>0</b>	<b>6 492</b>	<b>26 518</b>	<b>14 062</b>	<b>1 916 540</b>

(figures in NOK 1000)	Intangible assets	Assets under construction	Assets in use, not allocated	Buildings and property	Fixtures and fittings	Right-of-use assets	Total
Cost 1 January 2024	72 350	70 781	54 019	1 582 996	310 888	22 163	2 113 198
Additions	889	36 046	136	5 125	0	241	42 437
Completed constructions	0	0	-30 862	8 205	22 657	0	0
<b>Cost 31 March 2024</b>	<b>73 237</b>	<b>106 827</b>	<b>23 293</b>	<b>1 596 326</b>	<b>333 545</b>	<b>22 404</b>	<b>2 155 634</b>
Acc. depreciation 1 January 2024	-3	0	0	-27 711	-17 984	-10 079	-55 776
Depreciation for the period	-7	0	0	-9 966	-7 233	-1 155	-18 362
<b>Net book value 31 March 2024</b>	<b>73 229</b>	<b>106 827</b>	<b>23 293</b>	<b>1 558 649</b>	<b>308 329</b>	<b>11 170</b>	<b>2 081 496</b>

Per 31 March 2024 the Group is working to reach an agreement on the final settlement for the construction of phase 1 at Indre Harøy. Negotiations are still ongoing, and consequently the Group have adjusted the balance to reflect this.

## Note 7 – Finance income and finance cost

(figures in NOK 1000)

<b>Finance income</b>	<b>Q1 2024</b>	<b>Q1 2023</b>	<b>FY 2023</b>
Interest income	3 905	12	15 591
Net change in value of financial derivatives	2 327	472	947
Foreign exchange gains	913	1 340	4 937
Other finance income	0	20	6
<b>Financial income</b>	<b>7 146</b>	<b>1 845</b>	<b>21 481</b>
Share of net income from associated companies	-1 837	-1 071	-7 098
<b>Total financial income</b>	<b>5 308</b>	<b>773</b>	<b>14 384</b>
<b>Finance expenses</b>	<b>Q1 2024</b>	<b>Q1 2023</b>	<b>FY 2023</b>
Interest on debts and borrowings	13 295	932	33 914
Realized loss/gain on interest derivative	-1 503	0	-3 027
Foreign exchange losses	1 413	1 088	4 195
Reduced value of contract related to power supply	0	7 019	13 903
Other finance expenses	2	102	640
<b>Total financial expenses</b>	<b>13 207</b>	<b>9 141</b>	<b>49 624</b>
<b>Net financial income/- expenses</b>	<b>-7 899</b>	<b>-8 367</b>	<b>-35 241</b>

### Fair value adjustments - financial assets

(NOK thousand)	<b>31.03.2024</b>	<b>31.03.2023</b>	<b>31.12.2023</b>
Unrealised changes in the value of interest rate swap	2 327	35	947
Unrealised changes in the value of contract related to power supply	0	-7 019	-13 903
Realised profit (loss) related to power supply contract	0	437	0
<b>Fair value adjustments recognised in profit and loss</b>	<b>2 327</b>	<b>-6 547</b>	<b>-12 956</b>

The Group did not have any fair value adjustments of financial liabilities in 2024, nor in 2023.

## Note 8 – Investment in associated companies

The group has the following investments 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 2021	-634		
Foreign currency translation gain/(loss) 2021	-560		
<b>Net book value 31 December 2021</b>	<b>26 219</b>		
Share of net income YTD 2022	-947		
Foreign currency translation gain/(loss) YTD 2022	1 363		
<b>Net book value 31 December 2022</b>	<b>26 635</b>		
Share of net income YTD 2023	-7 098		
Foreign currency translation gain/(loss) YTD 2023	-861		
<b>Net book value 31 Desember 2023</b>	<b>18 676</b>		
Share of net income YTD 2024	-1 837		
Foreign currency translation gain/(loss) YTD 2024	347		
<b>Net book value 31 March 2024</b>	<b>17 186</b>		

Investments in associated companies are recognized using the equity method.

## Note 9 – Tax

(figures in NOK 1000)	Q1 2024	Q1 2023
Profit/loss before tax	-1 201	-32 378
Calculated tax (22%)	-264	-7 123
Tax payable	0	0
Change in deferred tax (asset)	-264	-7 123
Change in deferred tax not shown in the balance sheet	264	7 123
<b>Tax expense</b>	<b>0</b>	<b>0</b>

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 March 2024 is 22%, compared to 22% for the period ended 31 March 2023.

Deferred tax benefit has not been recognised in the balance sheet as the Companies within the group are in their 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 10 – Earnings per share

(figures in NOK 1000)

	Q1 2024	Q1 2023
Loss attributable to the equity owners of the Company	-1 201	-32 378
Loss for calculation of diluted earnings per share	-1 201	-32 378
Weighted average number of shares outstanding <sup>1)</sup>	413 936 640	345 754 822
Dilutive options	0	0
Average number om shares and options used in calculation for diluted EPS	413 936 640	345 754 822
<b>Basic earnings per share (NOK)</b>	<b>-0,00</b>	<b>-0,09</b>
<b>Diluted earnings per share (NOK)</b>	<b>-0,00</b>	<b>-0,09</b>

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

Q1 2024: The Company have had 413,963,640 shares for the whole period.

Q1 2023: The Company have had 345,754,822 shares for the whole period.

## Note 11- Share capital & capital history

(figures in NOK 1000)	Date	Capital Increase	Share Capital After Change	Par Value	Subscription price per share	New shares	Total no. of outstanding shares
<b>Opening balance 1 July 2020</b>			<b>5 375 159</b>	<b>0,05</b>			<b>107 503 182</b>
Share options exercised	10 July 2020	30 000	5 405 159	0,05	3,33	600 000	108 103 182
Private placement	23 July 2020	581 395	5 986 554	0,05	4,30	11 627 906	119 731 088
Private placement	11 September 2020	5 000 000	10 986 554	0,05	5,00	100 000 000	219 731 088
Private placement	23 March 2021	4 166 667	15 153 221	0,05	6,00	83 333 333	303 064 421
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
Share options exercised	26 March 2022	81 250	15 621 074	0,05	4,80	1 625 000	312 421 489
Private placement	5 April 2022	1 666 667	17 287 741	0,05	9,00	33 333 333	345 754 822
Private placement	18 April 2023	3 409 091	20 696 832	0,05	7,70	68 181 818	413 936 640

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

The Group 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 Group also raised another NOK 500 million in a private placement in March 2021.

In August 2021 the Group acquired 100% of the shares in Kraft Laks AS. As part of the settlement the Group issued 2,190,694 new shares of NOK 7.5775 per share, and thereby increased its equity by NOK 16.6 million. In October 2021 the Group carried out a private placement of USD 5m (NOK ~43m) towards Cargill.

Further, in April 2022 the Group carried out a private placement raising gross proceeds of NOK 300 million at a subscription price of NOK 9.00 per share.

In April 2023 the Group carried out a private placement raising gross proceed of NOK 525 million at a subscription price of NOK 7.7 per share, bringing total raised equity to more than NOK 2.2 billion.

## Note 12 – Interest bearing debt

<b>Long-term interest bearing debt</b>		
(NOK thousand)	<b>31.03.2024</b>	<b>31.03.2023</b>
Debt to credit institutions	570 000	555 669
Leasing liabilities	7 506	10 142
<b>Total long-term interest-bearing debt</b>	<b>577 506</b>	<b>565 811</b>
<b>Short-term interest bearing debt</b>		
(NOK thousand)	<b>31.03.2024</b>	<b>31.03.2023</b>
Debt to credit institutions	113 798	90 043
Other short-term interest bearing debt	0	0
Leasing liabilities	4 240	4 227
<b>Total short-term interest-bearing debt</b>	<b>118 038</b>	<b>94 271</b>
<b>Total interest-bearing debt</b>	<b>695 544</b>	<b>660 082</b>
Cash & cash equivalents	340 199	171 352
<b>Net interest-bearing debt</b>	<b>355 345</b>	<b>488 729</b>

In April 2023 the Group signed a NOK 1,550 million green debt financing package with DNB and Nordea relating to phase 1 and 2 at Indre Harøy, thus refinancing the existing senior secured debt financing package. The new package consisted of a NOK 525 million non-amortizing term loan facility to the existing NOK 525 million construction loan relating to phase 1, a NOK 250 million revolving credit facility available for general corporate purposes including Indre Harøy phase 2 capex and a NOK 775 million construction facility available for financing of capex relating to phase 2 at Indre Harøy. Additionally, the Group has a NOK 100 million Overdraft Facility with Nordea. The refinancing was completed in April 2023.

As per 31 March 2024, NOK 525 million was drawn of the secured green debt financing package. In addition, the Company has drawn NOK 100 million of the Overdraft Facility.

The Group has also entered into loan agreements for a total of NOK 60 million relating to Salmon Evolution Dale AS of which around NOK 57 million was drawn as per 31 March 2024. This financing is for financing of working capital, investments in Salmon Evolution Dale as well as refinancing of the seller's credit from the acquisition of Salmon Evolution Dale AS.

The above table does not include other long-term liabilities of NOK 8.7 million related to property and water rights in Salmon Evolution Dale AS

### Financial covenants

The most important financial covenants for the long-term financing of the Group are, respectively, a solvency requirement that the borrower's (Salmon Evolution Norway AS) book equity ratio (including intra-group loans) shall be minimum 45%. Further, there is a profitability requirement linked to the borrower's EBITDA which shall be greater than NOK 150 million on a last 12-month basis from Q4 2025. Quarterly EBITDA figures shall be measured from Q4 2023 with set minimum EBITDA levels reflecting the company's gradual ramp up of production volumes and profitability.

Finally, there is a minimum cash requirement that stipulates that the obligors (Salmon Evolution Norway AS, Salmon Evolution Sales AS and Salmon Evolution ASA) cash balance shall be greater than NOK 100 million at any time. Any undrawn and available amounts under the revolving facility and the overdraft is included in the calculation of the cash balance.

As per 31 March 2024 the Group is in compliance with all financial covenants.

### Security

The Group's bank debt facilities are fully guaranteed by Salmon Evolution ASA. The respective lenders also have a pledge over 100% of the shares in the borrower, Salmon Evolution Norway AS and Salmon Evolution Dale AS. Furthermore, the respective lenders have a pledge over all material operating assets of the Group, hereunder inter alia, land, plant and machinery, operating licenses, inventory and receivables.

Cash movements in financing activities (NOK thousand)	Interest bearing debt	
	Short term	Long term
<b>Balance at January 1, 2023</b>	<b>28 041</b>	<b>358 269</b>
Repayment of loans and borrowings	-12 841	0
Proceeds from new bank loan	90 043	205 025
Change in obligations under leases	1 087	2 517
<b>Balance at March 31, 2023</b>	<b>106 330</b>	<b>565 811</b>
<b>Balance at January 1, 2024</b>	<b>107 625</b>	<b>578 157</b>
Repayment of loans and borrowings	0	0
Proceeds from new bank loan	10 523	31
Change in obligations under leases	-110	-682
<b>Balance at March 31, 2024</b>	<b>118 038</b>	<b>577 506</b>

### **Note 13 – Transactions with related parties**

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

There were no material transactions with related parties in Q1 2024.

### **Note 14 – Significant and subsequent events**

No material subsequent events.

## ABOUT SALMON EVOLUTION

Salmon Evolution is the global leader within land-based salmon farming with a clear roadmap for 100,000 tonnes HOG annual production capacity. Pioneering the hybrid flow-through system (HFS), Salmon Evolution is Extending the Ocean Potential by creating optimal growth conditions in a controlled environment on land. This approach, capturing the benefits of both land-based and sea-based farming, puts biology first and limits operational and biological risk.

Salmon Evolution is strategically located the heart of the global aquaculture industry on the west coast of Norway, where the Company has its first facility and global centre of excellence fully operational at industrial scale. Enabled by the proof of concept in Norway, Salmon Evolution targets significant international expansion.

Salmon Evolution is listed on Oslo Børs under the ticker SALME. To learn more, please visit [www.salmevolution.no](http://www.salmevolution.no).

SALMON  
EVOLUTION\*

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## BOARD OF DIRECTORS

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Chairman of the Board

### Anne Breiby

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### Ingvild Vartdal

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### Peder Stette

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### Janne-Grethe Strand Aasnæs

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### Eunhong Min

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### Trond Vadset Veibust

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### Tore-Jakob Reite

Director Strategic Projects

