



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 919 384 603
Organisasjonsform: Aksjeselskap
Foretaksnavn: SALMON EVOLUTION NORWAY AS
Forretningsadresse: Torget 5
6440 ELNESVÅGEN

Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

Konsern

Morselskap i konsern: Nei

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Forenklet IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Klara Merethe Stave
Dato for fastsettelse av årsregnskapet: 21.04.2021

Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 31.07.2022



Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	8,17	704 000	-175 000
Sum inntekter		704 000	-175 000
Kostnader			
Lønnskostnad	9,18	8 877 000	3 754 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	5,16	550 000	181 000
Annen driftskostnad	9,17	8 934 000	7 752 000
Sum kostnader		18 361 000	11 687 000
Driftsresultat		-17 657 000	-11 862 000
Finansinntekter og finanskostnader			
Annen finansinntekt	11	720 000	622 000
Sum finansinntekter		720 000	622 000
Annen finanskostnad	11	139 000	30 000
Sum finanskostnader		139 000	30 000
Netto finans		581 000	592 000
Ordinært resultat før skattekostnad		-17 076 000	-11 270 000
Skattekostnad på ordinært resultat	6	0	0
Ordinært resultat etter skattekostnad		-17 076 000	-11 270 000
Årsresultat		-17 076 000	-11 270 000
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital		-17 076 000	-11 270 000
Sum overføringer og disponeringer		-17 076 000	-11 270 000



Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Konsesjoner, patenter, lisenser, varemerker og lignende rettigheter	5	432 000	0
Sum immaterielle eiendeler		432 000	0
Varige driftsmidler			
Tomter, bygninger og annen fast eiendom	5,7	219 926 000	25 546 000
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	5	331 000	352 000
Right-of-use assets	16	1 678 000	712 000
Sum varige driftsmidler		221 935 000	26 610 000
Sum anleggsmidler		222 367 000	26 610 000
Omløpsmidler			
Varer			
Fordringer			
Andre fordringer	7,13	22 449 000	2 749 000
Konsernfordringer	17	1 930 000	0
Sum fordringer		24 379 000	2 749 000
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	4,12	127 561 000	21 124 000
Sum bankinnskudd, kontanter og lignende		127 561 000	21 124 000
Sum omløpsmidler		151 940 000	23 873 000
SUM EIENDELER		374 307 000	50 483 000

BALANSE - EGENKAPITAL OG GJELD

Egenkapital

Innskutt egenkapital



Balanse

Beløp i: NOK	Note	2020	2019
Selskapskapital	15	5 405 000	1 500 000
Overkurs	15	305 678 000	49 500 000
Annen innskutt egenkapital	18	2 974 000	780 000
Sum innskutt egenkapital		314 057 000	51 780 000
Opptjent egenkapital			
Annen egenkapital		-12 863 000	
Udekket tap		30 657 000	13 581 000
Sum opptjent egenkapital		-43 520 000	-13 581 000
Sum egenkapital		270 537 000	38 199 000
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Øvrig langsiktig gjeld	3,4	0	1 500 000
Lease liabilities	3,4,16	933 000	227 000
Sum annen langsiktig gjeld		933 000	1 727 000
Sum langsiktig gjeld		933 000	1 727 000
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner	3,4	40 000 000	0
Leverandørgjeld	3,4,14	59 506 000	8 401 000
Skyldige offentlige avgifter	14	1 144 000	799 000
Annen kortsiktig gjeld	14	1 491 000	963 000
Lease liabilities	3,4,16	696 000	394 000
Sum kortsiktig gjeld		102 837 000	10 557 000
Sum gjeld		103 770 000	12 284 000
SUM EGENKAPITAL OG GJELD		374 307 000	50 483 000



Nøisomhed
Serviceboks 15
6405 Molde
www.bdo.no

Independent Auditor's Report

To the General Meeting in Salmon Evolution AS

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Salmon Evolution AS.

The financial statements comprise:

- The balance sheet as at 31 December 2020
- The income statement for 2020
- Statement of changes in equity
- Statement of cash flows for the year that ended 31 December 2020
- Notes to the financial statements, including a summary of significant accounting policies

In our opinion:

The accompanying financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation and fair presentation of the financial statements in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to:

<https://revisorforeningen.no/revisjonsberetninger>



Report on Other Legal and Regulatory Requirements

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Molde, 21 April 2021

BDO AS

Roald Viken

State Authorised Public Accountant



Skatteetaten

Vår dato
17.08.2020

Din/Deres dato
31.07.2020

Saksbehandler
Vibeke Horne

800 80 000
Skatteetaten.no

Din/Deres referanse

Telefon
32212250

Org.nr
974761076

Vår referanse
2020/5685882

Postadresse
Postboks 9200 Grønland
0134 OSLO

BDO AS AVD MOLDE
Postboks 2615
6405 MOLDE

Att. Roald Viken

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk

Vi viser til deres brev av 31. juli 2020 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk for følgende selskaper:

Salmon Evolution AS

org.nr. 919 384 603

Salmon Evolution Holding AS

org.nr. 925 344 877

Søknaden ble sendt til Skattedirektoratet. Skattedirektoratets myndighet til å treffe enkeltvedtak etter regnskapsloven § 3-4 tredje ledd ble delegert til skattekontoret med virkning fra 1. juni 2019.

Skattekontoret gir på bakgrunn av en konkret helhetsvurdering de overnevnte selskaper dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen gjelder så lenge opplysningene som danner grunnlaget for vedtaket ikke endres vesentlig.

Kopi av dette brevet må sendes til Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Den regnskapspliktige må selv dokumentere ved dette brev at tillatelse er gitt.

Bakgrunn

Selskapene har profesjonelle eiere. Selskapene driver virksomhet knyttet internasjonal fiskeoppdrett og er i dialog med utenlandske investorer.

Skattekontorets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen [...] være på norsk.

Departementet kan ved [...] enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap mv., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives,



f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.”

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til “informative regnskaper for ulike grupper av regnskapsbrukere”. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter skattekontorets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

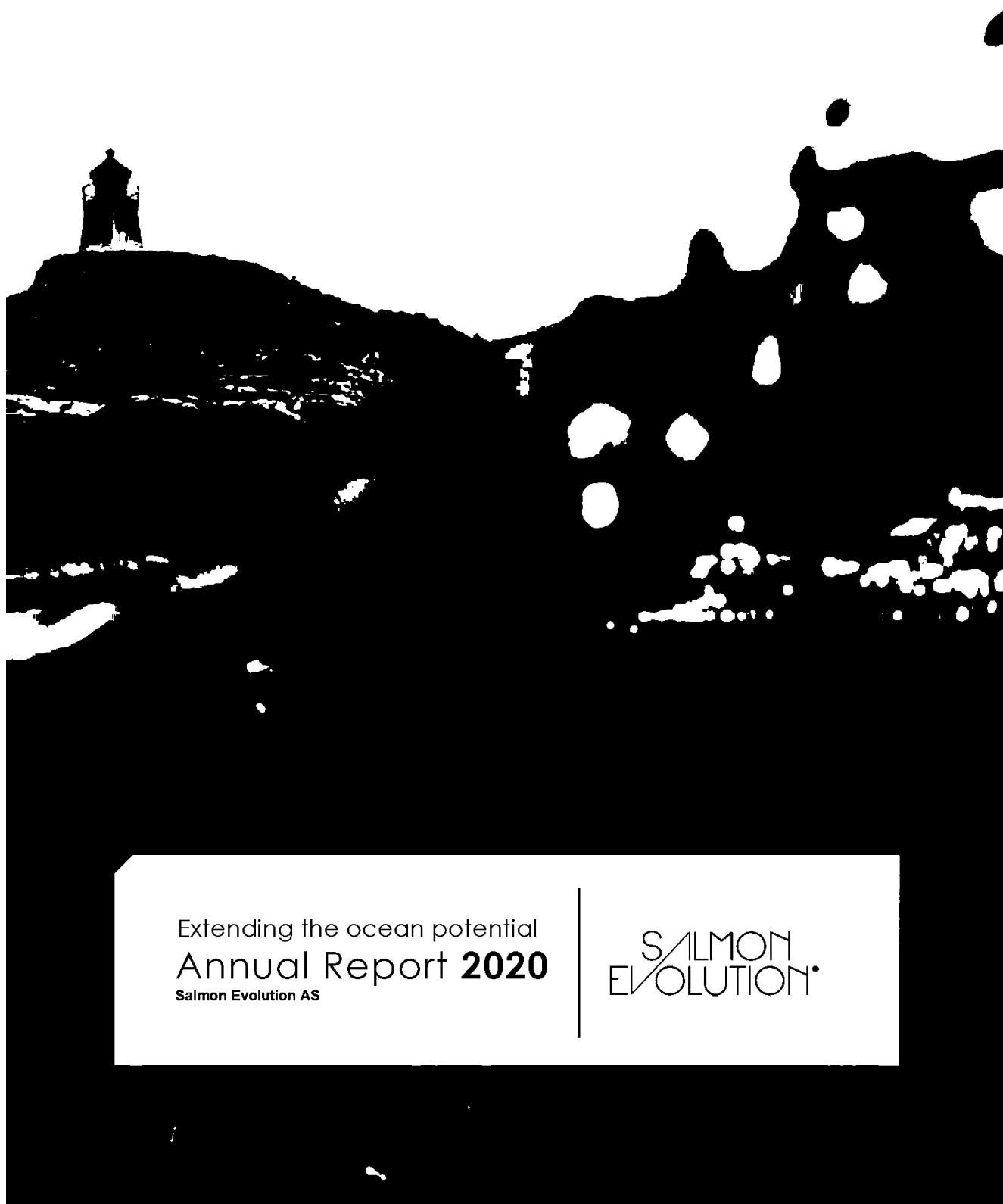
Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har skattekontoret lagt vekt på at selskapene har profesjonelle eiere. Videre er det vektlagt at selskapet driver virksomhet i en bransje der alle sentrale aktører behersker og benytter engelsk.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Vibeke Home
rådgiver
Brukerdialog, brukerkontakt
Skatteetaten

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.



Extending the ocean potential
Annual Report 2020
Salmon Evolution AS

SALMON
EVOLUTION*



Financial statements (IFRS)

Statement of profit or loss

NOK thousands	Note	2020	2019
Other income	9	704	(175)
Total operating income		704	(175)
Personnel expenses	10,18	(8 877)	(3 754)
Depreciation, amortisation and impairment loss	5,16	(550)	(181)
Other operating expenses	10	(8 934)	(7 752)
Operating profit (EBIT)		(17 656)	(11 862)
Financial income	11	720	622
Financial expenses	11	(139)	(30)
Financial expense - net		580	593
Profit/(loss) before tax		(17 076)	(11 269)
Income tax expense	6	0	0
Profit/(loss) for the period		(17 076)	(11 269)



Statement of financial position

NOK thousands	Note	31 Dec 2020	31 Dec 2019
Assets			
Intangible assets	5	432	0
Assets under construction	5,8	219 926	25 546
Property, plant & equipment	5	331	352
Right-of-use assets	16	1 678	712
Total non-current assets		222 367	26 610
Other current receivables	8,13	22 449	2 749
Current receivables from Group companies	19	1 930	0
Cash and cash equivalents	4,12	127 561	21 124
Total current assets		151 940	23 873
Total assets		374 307	50 483
Equity and liabilities			
Share capital	15	5 405	1 500
Share premium	15	305 678	49 500
Other reserves		2 974	780
Other equity		(12 863)	0
Uncovered losses		(30 657)	(13 581)
Total equity		270 538	38 198
Long-term interest-bearing debt	3,4	0	1 500
Lease liabilities - long term	3,4,17	933	227
Total non-current liabilities		933	1 727
Short-term interest-bearing debt	3,4	40 000	0
Trade payables	3,4,14	59 506	8 401
Social security and other taxes	14	1 144	799
Lease liabilities - short term	3,4,16	696	394
Other current liabilities	14	1 491	963
Total current liabilities		102 837	10 557
Total liabilities		103 770	12 285
Total equity and liabilities		374 307	50 483



Molde, 21.04.2021

Håkon André Berg
Chairman, CEO

Ingjart Atle Skarvøy
Board member



Statement of cash flow

NOK thousands	Note	2020	2019
Cash flows from operating activities			
Profit before income taxes		(17 076)	(11 269)
Adjustments for:			
Depreciation	5	550	181
Net interest		(580)	(593)
Share based payment expenses	18	2 714	780
Gain on lease modification	16	(7)	0
Changes in working capital:			
Change in other current receivables		(19 700)	0
Change in trade payables		2 096	(2 049)
Change in social security and other taxes		345	8 235
Change in other current liabilities		528	1 570
Change in current receivables from Group companies (exl. Group contributions)		(1 930)	0
Cash (outflow) from operating activities		(33 061)	(3 146)
Interest paid		(139)	(30)
Interest received		720	622
Net cash (outflow) from operating activities		(32 480)	(2 553)
Cash flow from investment activities			
Payments for fixed assets and other capitalizations	5	(145 660)	(25 021)
Payments for intangible assets		(432)	0
Net cash (outflow) from investment activities		(146 092)	(25 021)
Cash flow from financing activities			
Proceeds from issue of equity, net of paid transaction costs		246 701	50 000
Proceeds from new borrowings	4	40 000	0
Repayment of borrowings		(1 500)	(1 500)
Repayment of lease liabilities	16	(191)	(172)
Net cash (outflow) from financing activities		285 010	48 328
Net change in cash and cash equivalents		106 438	20 753
Cash and cash equivalents at the beginning of the period		21 124	370
Cash and cash equivalents at the end of the period		127 561	21 124



Consolidated statement of changes in equity

NOK thousands	Share capital	Share premium	Other reserves	Other equity	Uncovered losses	Total equity
Balance at 1 January 2019	1 000	0	0	0	(2 312)	(1 312)
Profit/loss for the period	0	0	0	0	(11 269)	(11 269)
Other comprehensive income	0	0	0	0	0	0
Total comprehensive income	0	0	0	0	(11 269)	(11 269)
Capital increase, net of transaction costs	500	49 500	0	0	0	50 000
Share options issued	0	0	780	0	0	780
Transactions with owners	500	49 500	780	0	0	50 780
Balance at 31 December 2019	1 500	49 500	780	0	(13 581)	38 198
Balance at 1 January 2020	1 500	49 500	780	0	(13 581)	38 198
Profit/loss for the period	0	0	0	0	(17 076)	(17 076)
Other comprehensive income	0	0	0	0	0	0
Total comprehensive income	0	0	0	0	(17 076)	(17 076)
Capital increase, net of transaction costs	3 875	254 210	0	(13 382)	0	244 703
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	3 905	256 178	2 194	(12 863)	0	249 415
Balance at 31 December 2020	5 405	305 678	2 974	(12 863)	(30 657)	270 538



Notes to the annual financial statements 2020

Note 1 Summary of significant accounting principles

General information

Salmon Evolution AS ("SE" or the "Company") is a Norwegian business headquartered at Indre Harøy in Møre og Romsdal. The Company is a 100% owned subsidiary of Salmon Evolution Holding ASA ("SEH"). The Company and SEH is jointly referred to as the "Group". Salmon Evolution Holding ASA is a Norwegian business headquartered in Molde, Møre og Romsdal, and is listed on Euronext Growth, Oslo under the ticker "SALME". The consolidated group financial statement can be obtained from the Group's website www.salmonevolution.no

SE is in the process of constructing a land-based salmon farming facility with a planned annual harvesting capacity of 31,500 tonnes HOG. The build-out is expected to be in three phases, with the first phase expected to consist of build out of land acquisition, building of foundation, water pumps supporting all three phases and build out of 12 grow out tanks and hatchery. SE will operate a hybrid flow-through system ("HFS"), replacing the water every four hours with clear and fresh water from the Norwegian coast. Construction start of phase I was in Q1 2020 with expected completion in Q4 2022. Production is expected to start in the end of Q1 2022 when the first smolt is expected to enter the holding tanks with expected first harvest late Q4 2022. Phase II consists of build out of an additional 12 grow out tanks and 2 holding tanks with first smolt entered in Q1 2024, further a build-out of smolt & hatchery facility will occur during this phase. The last construction phase, phase III, consists of build-out of an additional 24 grow out tanks and 4 holding tanks. Expected completion of phase III is during 2028.

Basis of preparation

The financial statements of the Company have been prepared in accordance with the Norwegian Accounting Act § 3-9 and Finance Ministry's prescribed regulations from 21 January 2008 on simplified IFRS. Principally this means that recognition and measurement comply with the International Accounting Standards (IFRS) and presentation and note disclosures are in accordance with the Norwegian Accounting Act and generally accepted accounting principles. Any exceptions from measurement and recognition according to IFRS is disclosed below.

Dividends and group contribution

The Company has applied simplifications in regard to the Directives specified by the Norwegian Ministry of Finance on 21. of January 2008, related to accounting treatment of dividends and group contributions. Dividends and group contributions are treated in accordance with the Norwegian Accounting Act and deviates from IAS 10 no. 12 and 13.

Going concern

The Company has adopted the going concern basis in preparing its financial statements. When assessing this assumption, management has assessed all available information about the future. This comprises information about net cash flows from existing customer contracts and other service contracts, debt service and obligations. After making such assessments, management has a reasonable expectation that the Company has adequate resources to continue its operational existence for the foreseeable future.



Basis of measurement

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

Use of estimates

Critical accounting judgments and estimates are disclosed in note 2.

Functional and presentation currency

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

Functional and presentation currency

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

Transactions and balances

Transactions in currencies other than the entity's functional currency (foreign currency) are translated into the functional currency using the exchange rates at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss. Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other financial items.

Non-monetary items that are measured at fair value in a foreign currency are converted to NOK using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not subsequently revaluated.

Government grants

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

Employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up



to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Information relating to the Company's employee option scheme is set out in note 18. The fair value of options granted under the scheme is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

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

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

Income Tax

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

Current tax

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

Deferred tax

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



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

Current tax and deferred tax for the year

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

Leases

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

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

The ROU asset is calculated based on the lease liability, plus initial direct costs towards the lease, and less any incentives granted by the lessor. The ROU asset is subsequently amortized under the straight-line method under the shorter of the lease term or the useful life of the underlying asset and is included as part of depreciation and amortization in the accompanying statements of other comprehensive income. Leases that fall under the IFRS 16 short-term exception are recognized on a straight-line method over the lease term.

Cash and cash equivalents

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



Trade receivables, loans and other receivables

Trade receivables, loans and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. See note 4 and 15 for further information about the Company's accounting for trade receivables, loans, other receivables and credit risk.

Property, plant & equipment

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

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

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

Intangible assets

Expenses related to research activities are expensed as incurred. Expenses related to development activities are capitalized if the product or process is technically and commercially feasible, and the Company has adequate resources to complete the development. Trademark is capitalized and measured at cost less accumulated amortization and any accumulated impairment losses, if any.

Impairment

Management reviews long-lived assets for impairment annually, or more frequently, whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset are compared to the asset's carrying value to determine if an adjustment for impairment to such asset is necessary. The effect of any impairment would be to expense the difference between the fair value of such asset and its carrying value. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period. As of 31 December 2020, and 2019, management did not consider an allowance for impairment necessary for long-lived assets.



Classification of current and non-current items

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

Trade and Other Receivables

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

Borrowings

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

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

The Company has entered into loan agreements during Q4 2020, of which the following principles related to borrowing costs have been applied, in accordance with IAS 23:

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period 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 to get ready for their intended use or sale. Other borrowing costs are expensed in the period in which they are incurred.

Trade and Other Payables

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

Pensions

The Company offers a defined contribution plan to its employees and pays contributions to publicly or privately administered pension insurance plans on a mandatory and contractual basis. The



Company has no further payment obligations once the contributions have been paid. Contributions are recognized as employee benefit expense when they are due and are included as part of salary and personnel costs in the statement of profit and loss. Prepaid contributions are recognized as an asset to the extent in which a cash refund or a reduction in the future payments is available.

Statement of cash flows

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

Note 2 Critical estimates and judgments

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

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

1) Capitalised costs as assets under construction

As part of the construction of the Company's production facilities, the Company has capitalised certain costs (such as personnel expenses, rent of premises and equipment and other project related costs), as "assets under construction" in accordance with IAS 16 based on an allocation key. The allocation key is employee-based and has been calculated based on the employees that are directly involved in the assets under construction's share of the total salary in the Company. Reference is made to note 5 for details of additions to "assets under construction".

Note 3 Financial risk and capital management

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

Market risk

Interest Rate

The Company's interest rate risk relates primarily to borrowings from financial institutions with variable interest rates. Currently, the Company does not have any fixed-interest loans nor hedge programs to reduce this risk, thus the Company is exposed to changes in the interest rate. As at 31 December 2020, outstanding loans from credit institutions amounted to NOK 40.000.000 and is subject to an interest rate of NIBOR 3M plus an agreed margin of 4,50%.

Interest rate sensitivity

NOK thousands	2020	2019
Interest expense effect of a 1% increase on floating interest rate	111	3



Foreign Currency

The Company's foreign currency risk relates to the Company's operating, investing, and financing activities denominated in a foreign currency. This includes the Company's revenues, expenses and capital expenditures. As of 31 December 2020, the Company did not hold any cash balances, pay any expense, nor receive any revenue in currencies other than its presentation and functional currency. The Company's presentation currency is Norwegian Kroner ("NOK").

Credit risk

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

Liquidity risk

Management monitors rolling forecasts of the Company's liquidity reserve (comprising cash and cash equivalents) based on expected cash flows. The Company's business plan and growth strategy is capital intensive, and the Company may be dependent upon future equity issues and/or debt financing to finance its current long-term plans.

The table below presents the maturities on the Company's financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

31 December 2020	Less than 3 months	3-12 months	1-5 years
NOK thousands			
Borrowings	0	40 000	0
Lease liabilities	171	526	933
Trade payables	59 506	0	0
Total financial liabilities	59 506	40 526	933

31 December 2019	Less than 3 months	3-12 months	1-5 years
NOK thousands			
Borrowings	0	0	1 500
Lease liabilities	97	298	227
Trade payables	8 401	0	0
Total financial liabilities	8 498	298	1 727

Covid-19

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

The company has taken necessary measures in all sites and locations to be able to limit the spread of the virus and has not registered any infection among the company's employees or contracted workers. At the same time, the company works to ensure that the construction work progress on time and budget.

The Management has identified the following risk factors that may impact the company going-forward:

- Currency exchange risks which may impact the construction costs of the land-based salmon facility, measured in NOK.



- Long-term effects on salmon prices which may impact the financial results when the company starts to generate revenue from the sale of salmon.
- Delays in the construction of the company's land-based farming facility because of any impacts on the company's subcontractors.

Note 4 - Financial assets and financial liabilities

Financial assets		
NOK thousands	31 Dec 2020	31 Dec 2019
Financial assets at amortised cost:		
Cash and cash equivalents	127 561	21 124
Other current receivables	22 449	2 749
Non-current receivables from Group companies	0	0
Current receivables from Group companies	1 930	0
Total financial assets	151 940	23 873

Financial liabilities		
NOK thousands	31 Dec 2020	31 Dec 2019
Financial liabilities at amortised cost:		
Long-term interest-bearing debt	0	1 500
Short-term interest-bearing debt	40 000	0
Lease liabilities	1 630	622
Trade payables	59 506	8 401
Social security and other taxes	1 144	799
Other current liabilities	1 491	963
Total financial liabilities	103 770	12 285

Interest bearing debt		
NOK thousands	31 Dec 2020	31 Dec 2019
Borrowings	40 000	1 500
Lease liabilities	1 630	622
Total interest-bearing debt	41 630	2 122
Current portion	40 696	0
Non-current portion	933	1 727
Total interest-bearing debt	41 630	1 727

The Company entered into three new loan agreements as part of the financing of the property at Indre Harøy, the location of the land-based farming facility under construction. The loans were paid out in November 2020. The loans are according to the loan agreements repayable in full on 1 September 2021 and are as such classified as part of current liabilities in the statement of financial position on 31 December 2020. The loans will be refinanced as part of a new syndicate loan arrangement before the maturity date of the loans.

The loans are floating interest rate loans denominated in NOK with an interest charge based on NIBOR 3M plus an agreed margin. Incurred interest expenses and establishing fees are capitalized as part of assets under construction in accordance with IAS 23.



Note 5 - Property, plant and equipment and intangible assets

NOK thousands	Intangible assets	Assets under construction	Fixtures and fittings	Total
Cost 1 January 2020	0	25 546	450	25 997
Additions	432	194 379	289	195 100
Disposals	0	0	0	0
Cost 31 December 2020	432	219 926	739	221 097
Accumulated depreciation 1 January 2020	0	0	(99)	(99)
Depreciation for the period	0	0	(310)	(310)
Net book value 31 December 2020	432	219 926	331	220 688

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

Straight-line depreciation is applied over the useful life of property, plant, and equipment based on the asset's historical cost and estimated residual value at disposal. Depreciation is charged to expense when the property, plant or equipment is ready for use or placed in service. As such, assets under construction are not depreciated. Assets under construction as at 31 December 2020 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.

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

Capitalization of costs as asset under construction:

Costs incurred recognised as part of "Other operating expenses" in the "Statement of Profit or Loss" during 2020 has been capitalized at 31 December 2020 as these costs are deemed to be part of the ongoing assets under construction and qualify for capitalisation in accordance with IAS 16. As a result, the reported "Other operating expenses" in 2020 reflects the incurred costs during this period, net of such capitalized costs related to the entire 12 months period ending 31 December 2020 which amounted to approximately NOK 2m.



Contractual and financial commitments

The Company is in the process of building a land-based salmon farming facility at Indre Hørøy, Møre og Romsdal. The turnkey project agreement includes a clause for financing reservations until further financing is secured, limiting the Company's financial commitments to the following items where the financing reservation has been lifted as of 31 December 2020:

NOK thousands	31 Dec 2020
Ground enterprise contract	153 458
Engineering	55 981
Technical equipment	33 960
Fishing tanks	26 274
Concrete element	21 167
Fish handling and transport	5 503
Total financial commitments	296 343

Note 6 - Taxes

Calculation of deferred tax/deferred tax benefit

NOK thousands	2020	2019
Fixed assets	(4 757)	12
Right-of-use assets	1 678	712
Lease liabilities	(1 755)	(747)
Other current liabilities	0	(216)
Net temporary differences	(4 833)	(239)
Tax losses carried forward	(41 745)	(13 861)
Basis for deferred tax	(46 578)	(14 100)
Deferred tax (22%)	(10 247)	(3 102)
Deferred tax benefit not recognized in the balance sheet*	10 247	3 102
Deferred tax in the balance sheet	-	-

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

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

NOK thousands	2020	2019
Result before taxes	(17 076)	(11 269)
Permanent differences*	(15 402)	1 054
Basis for the tax expense in the current year	(32 478)	(10 215)
Change in temporary differences	4 594	239
Basis for payable taxes in the income statement	(27 884)	(9 976)

*The permanent differences in 2020 mainly relates to costs in connection with the Group's listing on Euronext Growth, in addition to tax incentive scheme ("Skattefunn") as described further in note 8.



Components of the tax expense

NOK thousands	2020	2019
Payable tax on this year's result	-	-
Total payable tax	-	-
Change in deferred tax	(7 145)	(2 247)
Change in deferred tax not shown in the balance sheet	7 145	2 247
Tax expense	-	-

Reconciliation of the tax expense with the nominal tax rate

NOK thousands	2020	2019
Result before taxes	(17 076)	(11 269)
Calculated tax (22%)	(3 757)	(2 479)
Tax expense	-	-
Difference	3 757	2 479

The difference consists of:

Tax on permanent differences	(3 388)	232
Change in tax rate	-	-
Change in deferred tax	-	-
Change in deferred tax due to change in tax rate	-	-
Change in deferred tax not shown in the balance sheet	7 145	2 247
Sum explained differences	3 757	2 479

Note 7 – Government grants

The Company has received a commitment from The Norwegian Research Council (Norsk Forskningsråd) for three projects. The grant is given for one period of three years and is related to the tax incentive scheme "SkatteFUNN" which is a government program designed to stimulate research and development (R&D) in Norwegian trade and industry. The receivable is accounted for as a short-term receivable from the tax authorities. In the financial accounts, the receivable related to the grant is netted against the related asset's acquisition cost. Grants for 2020 amounted to NOK 4,750,000

NOK thousands	2020
Systems for water treatment in large-scale land based salmon farming	13 542
Logistics systems in large-scale land-based salmon farming	8 775
Washing and disinfection in land-based salmon farming	9 576
Total "SkatteFUNN" project costs in 2020	31 893

Further, the Company has received a commitment from Enova, Enova SF is owned by the Ministry of Climate and Environment and contributes to reduced greenhouse gas emissions, development of energy and climate technology and a strengthened security of supply. The total commitment from Enova is up to NOK 96,862,500 and the grant is given over a period of approximately two years. The receivable is accounted for as a short-term receivable. In the financial accounts, the receivable related to the grant is netted against the related asset's acquisition cost. Grants for 2020 amounted to NOK 430,723.



NOK thousands	2020
Energy-efficient land-based food fish plant for salmon	876
Total "Enova" project costs in 2020	876

Government grants 2019

Government grants in 2019 was related to "RDA funds", given in order to compensate for being located in a municipality with higher rates for employer's national insurance contribution. The grant is considered a subsidy and part of the government's efforts to support the aquaculture industry and the industry in the region itself. The grant was recognized as other income in the income statement.

Note 8 – Other income

NOK thousands	2020	2019
Other income	704	(175)
Total other operating expenses	704	(175)

Other income in 2020 was mainly related to the following two transactions. NOK 667 thousand related to the sale of surplus material from the development area, while NOK 30 thousand related to sale of consulting hours.

Other income was in 2019 related to "RDA funds", given in order to compensate for being located in a municipality with higher rates for employer's national insurance contribution. The grant was considered a subsidy and part of the government's efforts to support the aquaculture industry and the industry in the region itself.

Note 9 - Personnel expenses, remuneration to the board and auditor's fee

NOK thousands	2020	2019
Salaries	8 479	7 835
Social security	1 312	265
Pensions	500	266
Other benefits	797	385
Share-based payments	2 714	780
Gross personnel expenses	13 802	9 531
- Capitalized costs	(4 925)	(5 777)
Total personnel expenses recognized in P&L	8 877	3 754

Number of full-time employment equivalents	8	6
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During the ordinary course of business, the Company capitalizes portions of total salary and personnel costs towards assets under construction.

Norwegian entities are obligated to establish a mandatory company pension. This obligation is fulfilled under the current pension plan. No loans or guarantees have been given to the members of the board of directors or executive management.



Remuneration and compensation to members of the board

NOK thousands	2020	2019
Tore Tønseth (Chairman of the Board) – From March 2020	80	na.
Kristofer Reiten (Member of the Board) – Chairman until March 2020	240	140
Glen Bradley (Member of the Board)	140	29
Frode Kjølås (Member of the Board)	140	29
Peder Stette (Member of the Board)	140	29
Ingjarl Skarvøy (Member of the Board) – Until March 2020	100	41
Per Olav Mevold (Member of the Board) – Until March 2020	100	70
Anders Sandøy (Member of the Board) – Until March 2020	100	29
Frank Småge (Member of the Board) – Until March 2020	100	29
Jonny Småge (Member of the Board) – Until March 2020	na.	41
Total board of Directors	1 140	438

The table lays out the compensation paid to the board of Salmon Evolution Holding AS, expensed through Salmon Evolution AS. The board members of Salmon Evolution AS are Håkon Andre Berg (Chairman) and Ingjarl Skarvøy (member of the Board) have not received remuneration related to their board roles in Salmon Evolution AS.

Remuneration and compensation to executive management 2020

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

1) Håkon André Berg was appointed CEO in the spring of 2020 after serving as CFO from November 2019.

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

3) Trond Valderhaug was appointed CCO in October 2020.

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

5) Trond Håkon Schaug-Pettersen has been appointed as CFO with effect from 1 January 2021.

Håkon André Berg (CEO), Ingjarl Skarvøy (COO) and Trond Håkon Schaug-Pettersen (CFO) have all non-compete clauses in their employment agreements which entitle them to a compensation corresponding to 6 month's severance pay.

Remuneration and compensation to executive management 2019

NOK thousands	Salary	Pension	Other	Total
Ingjarl Skarvøy (CEO/COO) ¹⁾	1282	64	97	1444
Odd Tore Finnøy (CEO) ²⁾	844	42	8	895
Håkon André Berg (CFO) ³⁾	233	12	500	745
Kamilla Mordal Holo (Project Director) ⁴⁾	513	26	8	547
Total executive management	2873	144	614	3630

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

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

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

4) Kamilla Mordal Holo was appointed in May 2019.



Auditor's remuneration

NOK thousands	2020	2019
Statutory audit	205	20
Other services	77	11
Total	282	31

Note 10 – Other operating expenses

NOK thousands	2020	2019
Cost of premises	156	90
Hired equipment	23	99
Other operating and administrative expenses	2 091	2 026
Insurance	173	92
Consultancy fees	6 493	5 445
Total other operating expenses	8 934	7 752

Note 11 – Financial income and expenses

NOK thousands	2020	2019
Interest income	720	622
Financial income	720	622
Interest expense	(29)	(3)
Interest expense lease liability	(28)	(27)
Other financial expenses	(82)	0
Financial expense	(139)	(30)
Net financial income (expense)	581	593

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

Note 12 - Cash and restricted cash

NOK thousands	31 Dec 2020	31 Dec 2019
Cash in bank	126 765	20 578
Restricted bank deposits	796	546
Total cash and cash equivalents	127 561	21 124

Restricted cash are related to tax withholdings for employees (NOK 0.796m). The Company has no undrawn credit facilities as of 31 December 2020.



Note 13 - Other current receivables

NOK thousands	31 Dec 2020	31 Dec 2019
Prepaid expenses	58	227
VAT receivable	16 860	2 172
Other receivables	350	350
Government grant ("Enova")	431	0
Tax incentive scheme ("Skattefunn")	4 750	0
Total other current receivables	22 449	2 749

As of 31 December 2020 and 2019, the Company's other current receivables were due within one year and considered fully collectible. Accordingly, the fair value of the Company's other current receivables was equal to nominal value, no bad debt was recognized for the years then ended, and management did not consider a provision for uncollectible accounts necessary.

Receivables denominated in foreign currencies are valued at the daily rate. Due to the short-term nature of current receivables, their carrying amount is considered equal to their fair value. As of 31 December 2020 and 2019, the Company's other current receivables, specified by currencies, consisted of the following:

NOK thousands	31 Dec 2020	31 Dec 2019
NOK	22 449	2 749
Other	0	0
Total other current receivables	22 449	2 749

Note 14 - Trade and other current liabilities

NOK thousands	31 Dec 2020	31 Dec 2019
Trade payables	59 506	8 401
Total trade payables	59 506	8 401

NOK thousands	31 Dec 2020	31 Dec 2019
Payroll withholding tax	796	546
Employer's national insurance contributions	347	253
Total social security and other taxes	1 144	799

NOK thousands	31 Dec 2020	31 Dec 2019
Accrued employer's social security contribution	121	72
Accrued salaries, holiday pay and bonus provisions	1 024	675
Severance pay accrual	0	216
Accrued interest expense	277	0
Other current liabilities	69	0
Total other current liabilities	1 491	963



Note 15 - Share capital

	Outstanding	Nominal value
Ordinary shares	108 103 182	0,05

NOK thousands	31 Dec 2020	31 Dec 2019
Share capital	5 405	1 500
Share premium	305 678	49 500
Total	311 084	51 000

The number of shares issued in the Company at 31 December 2020 was 108 103 182 with a nominal value of NOK 0.05 each. All shares carry equal voting rights.

Shareholders of 31.12.20

	No of shares	Percentage share
Salmon Evolution Holding AS	108 103 182	100,0 %

As of 31 December 2020, no shares were held by members of the Board of Directors or executive management.

Note 16 – Leases

Amounts recognised in the balance sheet

NOK thousands	31 Dec 2020	31 Dec 2019
Right-of-use assets		
Rent of premises	919	363
Car	205	349
Office supply	554	0
Total right-of-use assets	1 678	712
Lease liabilities		
Current	696	394
Non-current	933	227
Total lease liabilities	1 630	622

Additions to right-of-use assets in 2020 were NOK 1,524 thousand and related to new premises and office supply. The Company's previous rental agreement for premises, recognized as a right-of-use asset as of 31 December 2019, was amended to end on 30 June 2020. As a result of this lease modification, the Group has during 2020 realised a gain of NOK 7 thousand.



Amounts recognised in the statement of profit or loss

NOK thousands	2020	2019
Depreciation right-of-use assets		
Rent of premises	145	218
Car	145	84
Office supply	50	0
Gross depreciation	340	302
- Capitalized as assets under construction	(100)	(220)
Net depreciation	240	82
Interest expense lease liability	28	27

The total cash outflow for leases in 2020 was NOK 319 thousand.

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

To determine the incremental borrowing rate, the Company:

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

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

the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

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

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



The Company has entered into several lease agreements that are considered to qualify as short-term and/or low value in accordance with IFRS 16. Payments associated with such short-term and low-value leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

Note 17 - Related party transactions

During the ordinary course of business, the Company engages in certain transactions with related parties. The following is a summary of related party transactions carried out in the period:

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

Pursuant to the agreement entered into with Artec Aqua AS in 2019, the Company has had a significant volume of transactions with Artec Aqua AS during 2020 related to the ongoing construction of the land-based salmon production facilities. The Company has also pursued one material transaction with Vikomar AS relating to the ongoing construction of the land-based salmon production facilities. Most of this income has reduced the cost of the ongoing project.

Income from related parties:

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

Expenses to related parties:

NOK thousands	2020
Artec Aqua AS	1 69 762
Carried Away AS	15
Total expenses to related parties (Incl. VAT)	1 69 777

Current liabilities to related parties

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

There were no receivables from or non-current liabilities to related parties as of 31.12.20



Note 18 - Share based payments

The shareholder Salmon Evolution Holding ASA has granted options to the Company's employees as of 31 December 2020. The options have been granted at different points in time during the year, and key assumptions listed below are as such averages of the different grants. Each option gives the holder the right to subscribe or purchase shares in Salmon Evolution at an average agreed exercise price of NOK 5.25. The options were granted on 25 August 2020 and 28 September 2020 and has a 18 month maturity. The options can be exercised at earliest, 12 months after the grant date. To account for this, an adjusted Black & Scholes option-pricing model is used by applying a weighted expected average life of 15 months.

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

Outstanding options (in thousands)	2020	2019
Outstanding options 1 January	900	0
Options granted	1 625	900
Options exercised	600	0
Options forfeited	300	0
Outstanding options at end of period	1 625	900

NOK thousands	2020	2019
Charges to income statement	2 714	780

Key assumptions	2020	2019
Average fair value (NOK)	5,25	3,33
Average exercise price (NOK)	5,25	3,33
Weighted expected average life (in years)	1,25	0,53
Estimated dividend per share (NOK)	0,00	0,00
Expected average volatility	71,3 %	90,8 %
Risk-free rate	0,21 %	1,13 %

Note 19 – Intercompany balances

NOK thousands	Non-current receivables	Current receivables	Non-current liabilities	Current liabilities
Salmon Evolution Holding AS	0	1 930		
Total intercompany balances	0	1 930	-	-

The current receivables from Salmon Evolution Holding AS related to the following:

- Receivable for expenses incurred in Salmon Evolution AS in connection with the capital raising in Salmon Evolution Holding AS.



Intercompany and related party transactions:

There were no other transactions with group companies in 2020 or 2019. Refer to Note 17 for other related party transactions.

Note 20 - Events after the reporting date

Covid-19

At the time of the release of these financial statements, the world is facing a severe global pandemic (Covid-19). The consequences of the pandemic for the Company is still uncertain, however management has identified the following risk factors that may impact the Company going-forward:

- Currency exchange risks which may impact the construction costs of the land-based salmon facility, measured in NOK.
- Long-term effects on salmon prices which may impact the financial results when the Company starts to generate revenue from the sale of salmon
- Capital markets risk which may impact the Company's ability to finance the remaining construction costs and operations
- Delays in the construction of the Company's land-based farming facility as a result of any impacts on the Company's subcontractors

Signed committed term sheet for NOK 625 million debt financing package

On 16 April 2021 the Company announced that it had entered a committed term sheet (the "Term Sheet") with Nordea as agent and Sparebanken Vest as co-lender (jointly the "Lenders") for a senior secured debt financing package of up to NOK 625 million relating to its phase 1 build out at Indre Harøy.

The debt financing package consists of the following credit facilities:

- NOK 525 million senior secured credit facility which will be used to finance construction capex for Indre Harøy phase 1 (the "Construction Facility")
- NOK 525 million in long term debt which will refinance the Construction Facility upon completion of Indre Harøy phase 1 and consisting of the following:
 - NOK 385 million senior secured term loan facility with the Lenders (the "Term Loan Facility")
 - NOK 140 million in a separate long term loan facility with a third-party lender (the "Third-Party Loan"). The Third-Party Loan will be subject to a coordination agreement with the Lenders and the Company has a separate process ongoing to secure and finalize this facility
 - NOK 100 million senior secured overdraft facility (the "Overdraft Facility") which will be used for working capital purposes, hereunder financing of biomass and receivables

The Construction Facility and the Term Loan Facility is partly guaranteed by the Norwegian Export Credit Guarantee Agency ("GIEK"). The Term Loan Facility will be repaid over a 15 year profile and have a 3 year term from completion of Indre Harøy phase 1 with 2x1 year extension options.

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

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



ABOUT SALMON EVOLUTION

A Norwegian land-based salmon farming company with a goal to be a global supplier of high quality and sustainable salmon from land-based facilities.

The company is using hybrid flow-through system with 30%-35% freshwater intake, reducing the complexity and biological risk, and securing optimal growth at low cost.

Targeting a position as a global leading land-based farmer, enable by a unique ESG profile.

SALMON
EVOLUTION

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