



**Gigante
Salmon**

REPORT FOR

THE FIRST QUARTER OF

2022

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The report has been prepared in both Norwegian and English.
In case of any discrepancy between the two versions, the Norwegian version shall prevail.

Photos: Kristoffer Arntsen and Gigante Salmon AS

Highlights

FIRST QUARTER

- Good progress towards completion of Gigante Salmon Røddøy facility. Project moving forward in accordance with prepared and approved plans and in line with planned and approved cost limits.
- Contract for feed barge awarded to Endúr Sjøsterk. Delivery expected in May 2023.
- Key personnel hired. Quality co-ordinator Kristine Ødegård has extensive experience from the aquaculture industry and comes from a position as operations manager with Silver Seed. Technical manager Kristian Aanes is a machinist with extensive experience from the maritime industry.
- Applied for permission to establish rockfill in waters southeast of Lille Indre Rosøy island that will enable electricity regeneration and secondary treatment of wastewater.
- Nano-oxygenation research collaboration established with LetSea AS, Fishbase Group AS and Tess AS.





EXPERIENCE

- Main owner and project initiator with extensive experience in the Norwegian aquaculture industry.
- Gigante Havbruk group has 30 years of experience of successful salmon farming.
- The group is present in the whole value chain from broodstock to export and Gigante Salmon will have access to necessary know-how.



PROFITABILITY

- The demand for salmon expected to stay strong due to increased focus on sustainability and health.
- No sea lice, efficient feed utilization, large capacity with intensive production and biomass optimization gives favorable costs per kg HOG.
- High expected profit margins creates resilience to market price fluctuations.



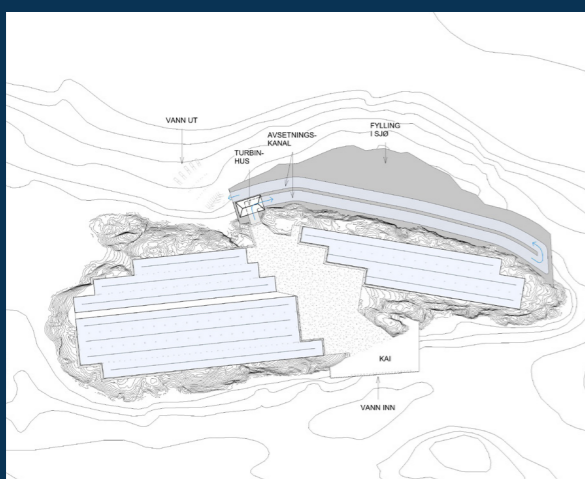
TECHNOLOGY

- The design of the production site and processes builds on technology proven in conventional sea-based aquaculture.
- The concept has been dilligently designed to minimize technological risk.
- The site has been designed to optimise both fish welfare and economic efficiency.



SUSTAINABLE PRODUCTION

- The company will produce high quality food with a sustainable environmental footprint and creating valuable rural jobs.
- Land based production allows for control of water quality parameters and emissions.
- Sludge from the operations will be separated off and utilised for fertilizer production.



CAPITAL EXPENDITURES

- Extensive work has been put into finding the most suitable location for realising the project.
- The production site has been carefully selected to provide a cost efficient facility, with a high level of flexibility and low CAPEX levels.
- The Rødøy site enables Gigante Salmon to construct a land-based salmon farming site with industry leading capital expenditures per kilo produced salmon.



FUNDING IN PLACE

- Financing for construction phase granted.
- Long term financing granted.
- Overdraft facility for working capital granted.
- Leasing financing for work barge and machinery granted



Project implementation

The project is proceeding according to the approved progress plan, and preliminary forecasts indicate that we are within the approved budget.

At present, it is difficult to say how external uncertainties, especially the Covid-19 pandemic and the on-going conflict between Russia and Ukraine, could affect the project in the form of higher material and equipment prices and increased procurement and delivery lead times.

The project is actively working to complete the most important design activities so as to allow for the drafting of the technical and quality-assured documentation that will provide the basis for the further procurement process and the tendering process for activities during the

implementation and development phase. The most critical activities are scheduled for completion in mid-May to ensure that the prices set out in the budget and realistic lead times for delivery can be obtained.

Implementation and development will then, according to the approved progress plan, be accelerated somewhat with a somewhat earlier start-up during spring / summer 2022. Manufacturing and installation will continue until summer 2023, with subsequent system testing and commissioning before the start of the plant in autumn 2023.

Operations

Blasting is suspended between 1 March and 1 September in order to avoid disturbing local fauna. The project's timeline takes this into account; drilling continues during the period.

Two key appointments were made in Q1. Quality co-ordinator Kristine Ødegård started on 1 April, and technical manager Kristian Aanes started on 19 April. Both are employed by Gigante Salmon Rødøy AS.

In January, Endúr Sjøsterk was chosen as the supplier of feed barge for the plant. The contract was signed on 26 January. The fleet will be delivered in May 2023.

In February, Gigante Salmon Rødøy applied for permission to establish a rockfill in the waters southeast of Lille Indre Rosøy island. If the application is approved, the design adjustment will enable secondary treatment of wastewater. The change also provides an opportunity to install turbines that can generate electricity when the water that has been pumped up into the facility is released. The method has the potential to reduce energy costs by 30-50%.

In March, Gigante Salmon embarked on a research, and joint venture project including LetSea AS, Fishbase Group AS and TESS AS, investigating the effects of nanobubble oxygenation.

The technology has several potential beneficial effects and can contribute to better living conditions for the fish and lower energy consumption than traditional methods of oxygenation.

Power-system operator Statnett confirmed in March that the regional transmission network has the necessary capacity. A review of various possible options for a submarine cable was carried out. The final choice was made based on socio-economic considerations and is currently being developed together with Arva, the regional utility. Final decision is expected towards the end of Q2.

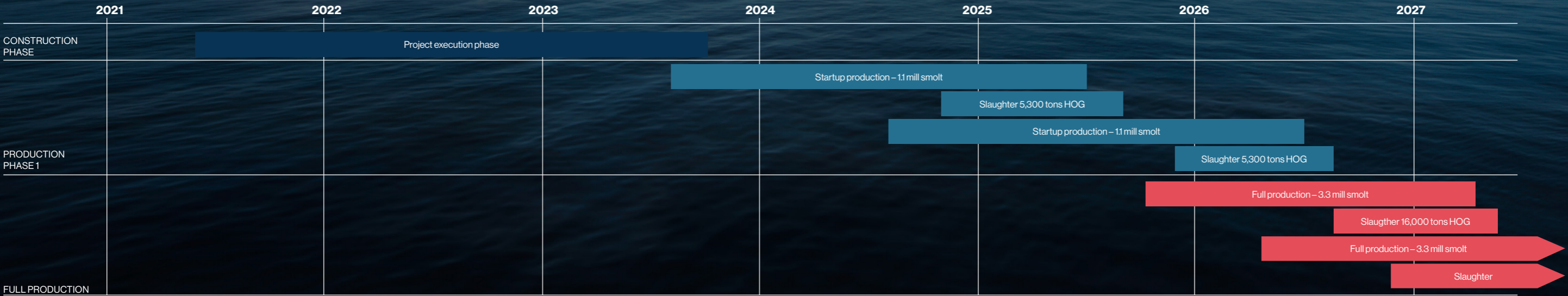


Gigante Salmon AS submitted an application to Gildeskål council to change the land-use regulations for Feøya island. In February, the Gildeskål municipal planning and property committee approved the planning programme for Feøya island. Work on the planning programme is now being carried out as approved.

GIGANTE SALMON

is a land-based salmon farming company with its first production facility under construction on Lille Indre Rosøya in Rødøy in Norway. The company's aquaculture concept is based on a flow-through system that combines the benefits of both conventional and land-based aquaculture, and eliminates challenges associated with conventional sea-based farming, ie lice and escapes, while reducing mortality, emissions, feed loss and strain on the local environment.

Timeline towards 20,000 tons of yearly production



Finances

Q1 RESULT

As the group is still at the development stage, Q1 sales revenues were, for the second year running, NOK 0 million. Operating costs increased in Q1 from NOK 0.2m in 2021 to NOK 1.3m in 2022. This is a result of increased payroll costs and increases in other operating costs and is a natural consequence of the group's development project in Rødøy council. The operating profit of NOK -1.3m corresponds to the operating costs.

Total cash flow related to group operations was NOK -2.9m. The discrepancy with the operating profit is mainly due to interest income and prepaid expenses. Total group investment in Q1 was NOK 23.1m, of which NOK 12.6m was related to the Rødøy development project. The remaining relates to payment of accounts payable for previous investment costs.

As of 31 March, short-term debt amounted to 100% of total group debt, compared with 8% on 31 March 2021. The increase is mainly related to accounts payable in connection with construction in Rødøy and is a natural consequence of the

group's increased activity. Long-term bank financing for development of Gigante Salmon Rødøy has been approved but has yet to be drawn on. This is long-term financing from SpareBank 1 Nord-Norge, and we expect to begin drawing on the construction loan in 2022. The group's financial position is good, and, as of 31 March, the group is able to repay short-term debt using its most liquid funds.

The group's liquidity was NOK 232.7m as of 31 March. The group's ability to self-finance investments is considered good.

Total capital at the end of Q1 was NOK 283.9m, compared with NOK 66.9m in Q1 2021. Equity as of 31 March was 96%, compared with 97% on 31 March 2021.

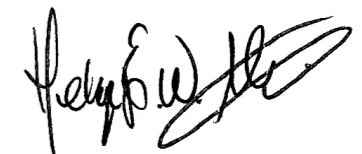
Statement by the board and CEO

The board of directors and the CEO hereby declare that the consolidated accounts for the period 01.01.22-31.03.22 have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway, and provide a correct picture of the company's assets, liabilities, financial status and income and expenses as a whole. We further declare that the quarterly update includes an accurate summary of the company's most important activities up to the presentation of the results.

Bodø
4 May 2022



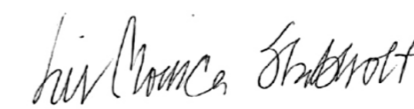
Eirik Sjørgård
Chairman of the board



Helge E. W. Albertsen
CEO



Kristin Ingebrigtsen
Member of the board



Liv Monica Stubholt
Member of the board



Kjell Lorentsen
Member of the board

Report for the first quarter of 2022

Income statement

(Amount in NOK)

	Note	Group		
		31.03.2022	31.03.2021	31.12.2021
Employee benefits expense		454 031	139 712	226 290
Depreciation and amortisation expenses	1	23 886	0	31 848
Other operating expenses		861 235	87 098	1 548 164
Total operating expenses		1 339 152	226 810	1 806 302
Operating profit		-1 339 152	-226 810	-1 806 302
Interest income		585 015	0	848 011
Other finance income		0	0	194
Interest expenses		29 237	66 184	73
Other financial expense		0	0	92
Net finances		555 778	-66 184	848 040
Profit before income tax		-783 374	-292 994	-958 262
Income tax expense	4	-164 310	-64 459	-3 697 669
Net profit or loss for the period	2	-619 065	-228 535	2 739 408
To minority interests				
To majority interests		-619 065	-228 535	2 739 408
Disposal Transferred from/to equity		-619 065	-228 535	2 739 408

Balance sheet

(Amount in NOK)

Assets	Note	Group		
		31.03.2022	31.03.2021	31.12.2021
Deferred tax asset	4	4 005 066	207 546	3 840 756
Total intangible assets		4 005 066	207 546	3 840 756
Land, buildings and other property		33 114 469	2 766 366	20 508 663
Ships		842 792	0	865 167
Fixtures/fittings, tools, office machinery and equipment		14 611	0	16 122
Total tangible assets	1	33 971 872	2 766 366	21 389 952
Total fixed assets		37 976 938	2 973 912	25 230 708
Trade receivables		13 215 602	3 016 667	6 781 507
Total receivables		13 215 602	3 016 667	6 781 507
Cash and bank deposits		232 706 630	60 942 726	258 703 997
Total current assets		245 922 232	63 959 393	265 485 504
Total assets		283 899 170	66 933 305	290 716 212

Balance sheet

(Amount in NOK)

		Group		
Equity and liabilities	Note	31.03.2022	31.03.2021	31.12.2021
Share capital	3	105 556 037	65 192 400	105 556 037
Share premium		165 734 431	0	165 734 431
Other paid-in equity		113 935	0	113 935
Total paid-in equity	2	271 404 403	65 192 400	271 404 403
Other equity		2 096 497	0	2 715 562
Uncovered losses		0	-138 246	0
Total retained earnings	2	2 096 497	-138 246	2 715 562
Minority interests		0	0	0
Total equity	2	273 500 900	65 054 154	274 119 965
Other non-current liabilities		0	1 737 433	0
Total other non-current liabilities		0	1 737 433	0
Trade creditors		6 438 470	73 633	15 932 235
Public duties payable		142 959	11 200	280 343
Other short-term liabilities		3 816 841	56 885	383 667
Total current liabilities		10 398 270	141 718	16 596 246
Total liabilities		10 398 270	1 879 151	16 596 246
Total equity and liabilities		283 899 170	66 933 305	290 716 212

Cash flow statement

(Amount in NOK)

		Group	
Cash flow from operations	31.03.2022	31.03.2021	31.12.2021
Profit before income taxes	-783 374	-292 994	-958 462
Depreciation	23 886	0	31 848
Deduction of recurring VAT settlement	0	0	28 285
Change in trade creditors	-6 511 278	63 361	1517 531
Change in other provisions	4 361 693	-2 991 232	-2 463 072
Net cash flow from operations	-2 909 073	-3 220 865	-1 843 870
Cash flow from investments			
Purchase of fixed assets	-23 088 294	-1 454 129	-5 733 414
Repayment of short term loans	0	25 000	-3 678 044
Net cash flow from investments	-23 088 294	-1 429 129	-9 411 458
Cash flow from financing			
Proceeds from short term loans	0	26 345	0
Repayment of long term loans	0	0	-1 705 318
Proceeds from issuance of equity	0	0	222 000 004
Issuance costs recognized directly in equity	0	0	-15 901 736
Net cash flow from financing	0	26 345	204 392 950
Net change in cash and cash equivalents			
	-25 997 367	-4 623 649	193 137 622
Cash and cash equivalents at the beginning of the period	258 703 997	65 566 375	65 566 375
Cash and cash equivalents at the end of the period	232 706 630	60 942 726	258 703 997
Which exists of:			
Cash and bank deposits	232 706 630	60 942 726	258 703 997

Notes

ACCOUNTING PRINCIPLES

The quarterly accounts have been prepared in compliance with the Accounting Act and accounting principles generally accepted in Norway, including principles for interim accounting (NRS 11). All significant accounting principles are described in the Groups annual report for 2021.

The annual report is available at www.gigantesalmon.no. For a complete statement of the accounting principles, please see the annual report.

The quarterly report is non-audited.

NOTE 1 - FIXED ASSETS

	Buildings and land	Machines	Movables	Total fixed assets
Purchase cost pr. 31.12.21	20 508 663	895 000	18 137	21 421 800
Accumulated depreciation 31.12.21	0	29 833	2 015	31 848
Net book value 31.12.21	20 508 663	865 167	16 122	21 389 952
Additions*	12 605 806	0	0	12 605 806
Purchase cost 31.03.22	33 114 469	895 000	18 137	34 027 606
Accumulated depreciation 31.03.22	0	52 208	3 526	55 734
Net book value 31.03.22	33 114 469	842 792	14 611	33 971 872
Depreciation in Q1 2022	0	22 375	1511	23 886

The Group owns two islands that are not depreciated.

Gigante Salmon is currently constructing its land-based fish farm at Lille Indre Rosøy in Rødøy kommune. This explains the recent additions of fixed assets.

*The Group has capitalized own work with NOK 694 349.

CHANGE IN PLAN OF DEPRECIATION

There has not been a change in plan of depreciation.

The construction is in line with the investment budget and time frame. The construction phase ends August 2023, with the first release of smolt in August 2023.

NOTE 2 - SHAREHOLDERS' EQUITY

Equity changes in the period	Share capital	Share premium	Other paid-in equity	Other equity	Sum
Equity 01.01.22	105 556 037	165 734 431	113 935	2 715 562	274 119 965
Profit for the period	0	0	0	-619 065	-619 065
Equity 31.03.22	105 556 037	165 734 431	113 935	2 096 497	273 500 900

NOTE 3 - SHARE CAPITAL AND SHAREHOLDER INFORMATION

The share capital of NOK 105 556 037 consists of 105 556 037 shares with nominal value of NOK 1 each.

LIST OF 20 MAJOR SHAREHOLDERS AT 31.03.22.

Shareholder	Number of shares	Ownership
Gigante Havbruk AS	64 238 000	60,86 %
T Kolstad Eiendom AS	7 272 728	6,89 %
J.P. Morgan SE	3 272 726	3,10 %
Helgeland Invest AS	2 727 272	2,58 %
Torghatten Aqua AS	2 727 272	2,58 %
Verdipapirfondet Nordea Avkastning	2 181 819	2,07 %
Ravi Investering AS	1 970 125	1,87 %
IHA Invest AS	1 455 000	1,38 %
Hi Capital AS	1 363 636	1,29 %
Commuter 2 AS	1 090 909	1,03 %
Olav Olsen Holding AS	1 000 000	0,95 %
Limt AS	910 000	0,86 %
Dnor AS	909 093	0,86 %
Nyhamn AS	909 091	0,86 %
Verdipapirfondet First Generator	795 036	0,75 %
Aino Aktiv AS	574 255	0,54 %
Ubs Switzerland AG	563 000	0,53 %
Maria Olaisen AS	545 455	0,52 %
Hausta Vekst AS	545 454	0,52 %
Occasione By Olaisen AS	545 454	0,52 %
Other owners	9 959 712	9,44 %
Total	105 556 037	100,0 %

SHARES OWNED BY THE MANAGEMENT AND RELATED PARTIES OF THE MANAGEMENT

Name	Number of shares	Ownership	Eierandel
Helge E. W. Albertsen	200 000	0,19 %	0,19 %
Rune Johansen	260 000	0,25 %	0,25 %
Eirik Sørgård	200 000	0,19 %	0,19 %

Eirik Sørgård owns 200 000 shares through his wholly-owned company Pronord AS.

Rune Johansen owns 35 000 shares privately and 225 000 shares through his wholly-owned company Nord-Norsk Eiendom AS.

Kjell Lorentsen has controlling influence through Gigante Havbruk AS who owns 64 238 000 shares (ownership 60,86 %).

NOTE 4 - TAXES

CALCULATION OF DEFERRED TAX/DEFERRED TAX ASSET

Temporary differences	31.03.2022	31.03.2021	31.12.2021
Net temporary differences	4 087 743	445 209	3 271 062
Tax losses carried forward	-22 292 588	-1 388 596	-20 729 041
Basis for deferred tax asset	-18 204 845	-943 387	-17 457 979
Deferred tax asset	-4 005 066	-207 546	-3 840 756
Deferred tax asset in the balance sheet	-4 005 066	-207 546	-3 840 756

BASIS FOR INCOME TAX EXPENSE, CHANGES IN DEFERRED TAX AND TAX PAYABLE

Basis for income tax expense	31.03.2022	31.03.2021	31.12.2021
Result before taxes	-783 174	-292 994	-958 462
Permanent differences	36 511	0	-15 849 126
Basis for the tax expense for the year	-746 663	-292 994	-16 807 588
Change in temporary differences	-816 682	-18 521	-3 271 062
Basis for payable taxes in the income statement	-1 563 345	-311 515	-20 078 650
Taxable income (basis for payable taxes in the balance sheet)	-1 563 345	-311 515	-20 078 650

Basis for income tax expense, changes in deferred tax and tax payable	31.03.2022	31.03.2021	31.12.2021
Tax payable	0	0	0
Total tax payable	0	0	0
Change in deferred tax asset	-164 310	-64 459	-3 697 670
Tax expense	-164 310	-64 459	-3 697 670

NOTE 5 - RELATED-PARTY TRANSACTIONS

In Q1 the Group has bought services (project work) from Gigante Havbruk AS of NOK 146 400 (ex. VAT). The project work is capitalized at the line Land, buildings and other property.





**Gigante
Salmon**