



Extending the ocean potential

Q3 2023

SALMON
EVOLUTION®

Salmon Evolution – Extending the Ocean Potential

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

- Utilizing a hybrid flow-through (“HFS”) system with 30%-35% fresh seawater intake, reducing complexity and biological risk and securing optimal growth at low cost
- 7,900 tonnes HOG Indre Harøy Phase 1 facility in operation – annual harvesting capacity of 31,500 tonnes HOG fully developed
- Joint venture with Dongwon Industries for a 16,800 tonnes HOG production facility in South Korea
- Launched North America expansion plan and established team of dedicated resources
- Clear roadmap for 100,000 tonnes HOG by 2032
- Listed on Oslo Stock Exchange main list from July 2021

SALMON EVOLUTION IS THE GLOBAL LEADER IN LAND-BASED SALMON FARMING

<p>We put biology first</p> 	<p>Proof of concept in Norway</p> 	<p>International expansion</p> 	<p>Pioneering the hybrid flow-through system (HFS)</p> 	<p>Premium position based on quality & ESG</p> 
<p>Our technology approach captures the benefits of both land-based and sea-based farming</p> <p>Establish Indre Harøy as global center of excellence – in the hearth of the global aquaculture industry</p> <p>Enabled by proof of concept in Norway</p>			<p>Developing superior cost position & technology leadership</p> <p>Committed to quality & sustainability</p>	

Conservative approach in a disruptive industry

Long-term competitive advantage & profitability

Highlights

- Strong biological performance. Standing biomass of 2,100 tonnes per 30 September, up from 1,047 tonnes per 30 June 2023.
- All-time high biomass production with 1,290 tonnes in net biomass growth.
- Quarterly run-rate net biomass growth of 1,600 – 1,700 tonnes end of September, about 70-75 % of steady-state levels.
- Parts of batch 3 harvested in September yielding 185 tonnes HOG with 96 % superior share, tight weight concentration and good price realization. Expecting significant ramp up of harvest volumes in Q4.
- On track for production cost on par with conventional farming
- Batch 8 stocked end August and batch 9 end October bringing farm to steady-state number of individuals of 1.5-1.6 million.
- Available liquidity of NOK 705 million per 30 September 2023 including committed available undrawn credit facilities.
- Q4 harvest expectation 1,000 – 1,200 tonnes (HOG).

Key figures

	Q3 23	Q3 22	YTD 23	YTD 22	2022
Operational					
Standing biomass (tonnes, LW)	2 100	625	2 100	625	733
Net growth (tonnes, LW)	1 290	403	2 312	551	1 087
Harvest volumes (tonnes, HOG)	185	0	770	0	340
Sales revenue/kg (NOK) ¹	72,2	NA	90,6	NA	75,0
Financial					
Operating revenues (NOK 1000)	15 856	-223	79 574	19 273	47 681
Operational EBITDA ² (NOK 1000)	-24 637	-20 750	-67 788	-45 850	-68 481
Operational EBIT ² (NOK 1000)	-40 699	-22 321	-97 428	-49 932	-74 671
Profit (loss) before tax (NOK 1000)	-36 497	-14 187	-94 885	-26 235	-32 726
Cash flow from operations (NOK 1000)	-74 691	-22 823	-131 549	-18 600	-76 124
Capital structure					
Cash flow from investment activities (NOK 1000)	-64 892	-78 550	-289 773	-611 702	-796 132
Cash flow from financing activities (NOK 1000)	23 773	33 329	588 427	581 877	645 471
Cash and cash equivalents (NOK 1000)	445 865	457 120	445 865	457 120	278 759
Net Interest-bearing debt (NOK 1000)	231 090	54 582	231 090	54 582	302 990
Equity (NOK 1000)	1 971 054	1 570 208	1 971 054	1 570 208	1 563 906
Equity ratio	71 %	69 %	71 %	69 %	68 %
Profitability					
Earnings per share (NOK)	-0,09	-0,04	-0,25	-0,08	-0,10
Total market value (NOK million, Euronext)	2 633	2 604	2 633	2 604	2 859

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

²Before fair value adjustment related to biological assets

Norway

Operations

Salmon Evolution has been operating the Indre Harøy facility since March 2022. Since then the Group has stocked nine batches of smolt, with one more planned in 2024.

In Q3 the Group enjoyed strong biological performance, ending the quarter with both all-time high standing biomass and biomass production. In the quarter mortality ended at 1.5 %, demonstrating that the Company is well on its way to achieving a mortality rate of between 3-5 % on an annual basis.

The first part of batch 3 was harvested during the third quarter, yielding a volume of 185 tonnes HOG, bringing the total year to date harvest volume to 770 tonnes HOG. It showed a homogeneous weight profile across the batch with a tight spread in weights, as also observed in all earlier harvests. The harvest confirmed strong product quality, demonstrated by an industry leading superior share of 96%. The high superior share supported good price realization and the average sales price ended at around NOK 72/kg HOG.

At the end of the quarter the remaining part of batch 3 counted about 84,000 individuals with an average weight of around 3,205 grams, representing a biomass of 268 tonnes (LW). The Group expects to harvest the remaining individuals in batch 3 in Q4.

Batch 4 counted about 178,000 individuals, with an average weight of around 3,980 grams representing a biomass of 708 tonnes (LW). The first part of batch 4 was harvested early in October, and the remainder is expected to be harvested later in Q4.

Batch 5 counted about 247,000 individuals, with an average weight of around 2,440 grams representing a biomass of 602 tonnes (LW). The first two tanks in batch 5 is expected to be harvested in Q4.

Batch 6 and 7, which were both stocked during Q2 in late May and late June respectively, has had a strong start in the facility. Both batches were stocked at weights slightly lower than target size, caused by low water temperatures in the winter season at the Dale smolt facility. The Group has installed more heating capacity at Dale which have been put in operation from October. This is expected to have a positive effect on the ability to deliver similar sized smolt going forward. Batch 6 and 7 counted about 268,000 and 275,000 individuals, with an average weight of 790 grams and 490 grams respectively. Combined they represented a biomass of 347 tonnes (LW).

Batch 8 was stocked during the quarter at an average weight of 90 grams. As for batch 6 and 7 this was slightly lower than target size. The group has performed very well after transfer from the smolt facility, with strong appetite and low mortality. At quarter end it counted 275,000 individuals with an average weight of 205 grams, representing a biomass of 56 tonnes (LW).

As per 30 September 2023 the Group had six batches of fish at Indre Harøy, one partly harvested, with about 1.3 million individuals with an average weight of around 1,980 grams. Additionally, the Dale smolt facility had about 2.9 million smolt. The total biomass amounted to 2,100 tonnes (LW), with about 1,980 tonnes (LW) at Indre Harøy and 120 tonnes (LW) at Dale.

Group biomass development							
Batch	30 June 2023			30 September 2023			Comments
	Units (#)	Weight (g)	Biomass (tonnes, LW)	Units (#)	Weight (g)	Biomass (tonnes, LW)	
Batch #3 (Oct 22)	~149,000	~2,010	300	~84,000	~3,205	268	Harvested ~185 tonnes (HOG) mid-September. Expect remaining biomass to be harvested in Q4.
Batch #4 (Dec 22)	~182,000	~1,980	360	~178,000	~3,980	708	Harvest of first group pushed into October to optimize harvest weights. Expect entire batch to be harvested in Q4.
Batch #5 (Feb 23)	~251,000	~1,120	280	~247,000	~2,440	602	Expect to harvest around 50% of the individuals in Q4 (largest groups). Performance according to plan.
Batch #6 (May 23)	~272,000	~140	38	~268,000	~790	212	Strong performance
Batch #7 (Jun 23)	~275,000	~80	22	~275,000	~490	135	Strong performance.
Batch #8 (Aug 23)				~275,000	~205	56	Batch #8 stocked late August at ~90 grams. Strong performance first month in facility.
Total Indre Harøy	~1,129,000	~890	1,000	~1,327,000	~1,490	1,980	
Smolt	~2,575,000	~19	47	~2,900,000	~41	120	
Total Group	~3,704,000		1,047	~4,227,000		2,100	

In Q4 the Group plans to harvest rest of batch 3, all of batch 4 and approximately half of the

individuals in batch 5. The first group in batch 4 was successfully harvested early in October.

Indre Harøy phase 2

In the second quarter the Group announced contracts with Artec Aqua and HENT for the construction of phase 2 at Indre Harøy. The project 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 a major milestone for the Group on the roadmap to 100kt HOG, by adding another 7.9kt HOG of annual production volume at Indre Harøy and bringing the total up to 15.8 kt HOG per annum.

Total project cost has been estimated to NOK 1.6 – 1.7 billion. The Company, together with the contractors, are currently working on establishing the final project target price. The

project is planned to be financed by existing funds and already committed debt financing.

During the third quarter the project design and engineering phase with Artec Aqua and HENT commenced in full force and significant progress were made. Other preparatory activities for phase 2 continued, with blasting and excavation works being completed in the quarter.

The project is subject to final investment decision upon completion of the initial project phase, expected in Q1 2024. This will be followed by construction start shortly thereafter. Capex the next 6-9 months is expected to be relatively moderate.

Indre Harøy phase 2 illustration

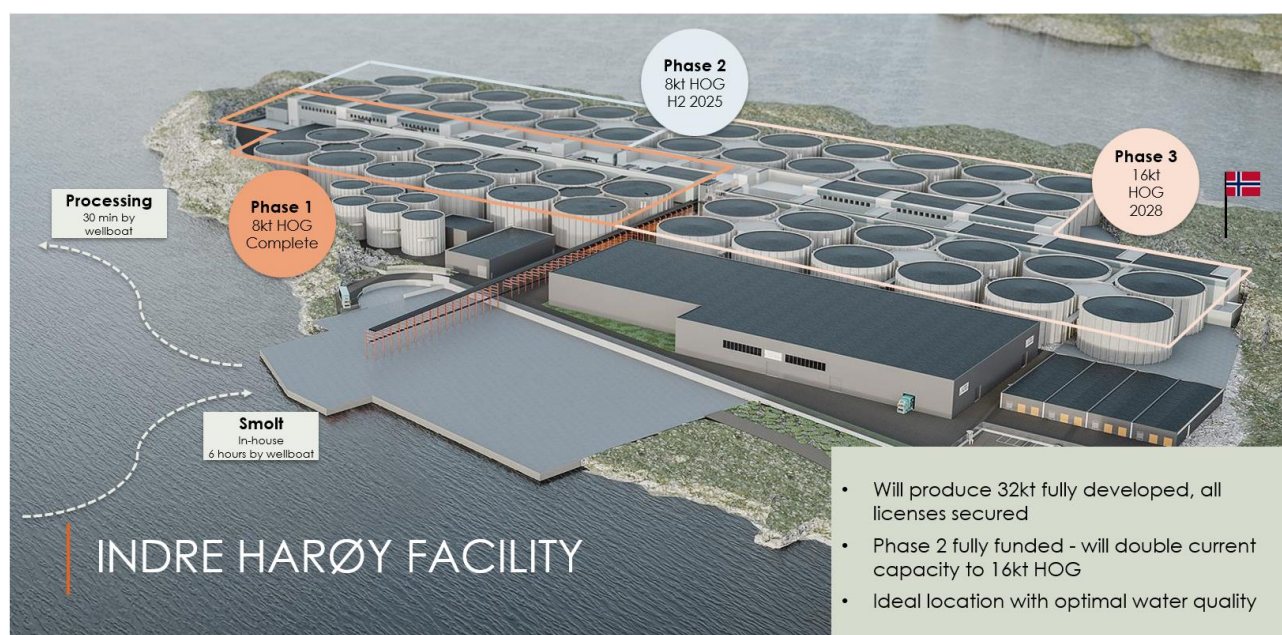


Illustration: Salmon Evolution

As part of the project, Salmon Evolution is also developing a plan for covering the smolt needs for phase 2. This could potentially include an expansion of our current smolt facility, where we

hold a license to produce up to 5 million smolt. This project is ongoing but as it is interlinked with our Indre Harøy phase 2 project, no investment decision has been taken.

Korea

Introduction to K Smart

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

The joint venture is named K Smart Farming ("K Smart"). The project will be completed in two phases, with each phase aiming to achieve an annual capacity of 8,400 tonnes HOG, 16,800 tonnes HOG combined.

Under the terms of the Joint Venture agreement, Dongwon Industries will facilitate 75% debt financing for K-Smart's phase 1 project.

The parties have identified a production site in Yangyang on the northeast coastline of South Korea, with solid data points on water quality and temperatures. In addition, K Smart has also acquired an existing smolt facility in Jeongseon which will be upgraded and used for supplying smolt to the grow out facility in Yangyang. The acquired smolt facility has been producing freshwater trout for many years.



Yangyang on-growing site



Jeongseon smolt site

Project status

During the third quarter focus continued to be centred around cost optimization and completion of design and engineering activities for the grow-out facility at Yangyang. Work is continuing on securing the relevant permits, where significant progress has been made so far in 2023.

Salmon Evolution have 4 FTEs based in Korea. Following the hiring of a dedicated CEO and CFO for K Smart earlier this year, the activity level has been intensified.

Design and engineering work on the smolt facility at Jeongseon is mostly completed, with only minor modifications and fine-tuning left.

Design and engineering work for the grow-out facility is done in cooperation with Billund Aquaculture and a Korean company responsible for civil engineering. These activities continued during the third quarter and valuable insights were gained with regards to total project scope including project costs. 60 % design review is planned with Billund Aquaculture in Q4.

In the project the primary focus is cost optimization. Although several areas of savings have been identified, there are site specific circumstances having an impact on cost, in particular the intake and discharge water solution due to a relatively long and shallow shoreline at the grow-out site. Different design solutions are being evaluated to reduce the overall cost. Given that Korea has no existing salmon farming industry, certain other infrastructure is also required which will have an impact on both the project cost as well as the operating cost. On the other hand, salmon prices in Korea have remained strong with continued positive outlook, positively impacting expected future operating margin.

Together with continued focus on cost optimization, K Smart is working on the financing structure for the project to maximize the financial return profile. Subject to receiving relevant regulatory approval and K Smart making a positive investment decision, construction start is now expected in 2024.

Illustration grow-out facility Yangyang



Illustration: Salmon Evolution

North America

The North America expansion is an integral part of Salmon Evolution's strategy towards a production capacity of 100,000 tonnes HOG.

Salmon Evolution is currently narrowing in on production sites in North America. The ongoing site verification processes include fatal flaws analyses of both water, biological, technical, and regulatory aspects. The Group is currently also in dialogue with various stakeholders, both public and private.

With respect to potential sites, focus 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.

It is expected that site verification and relevant regulatory approval processes will take around three years, allowing for construction start in 2025 or 2026, upon which the plan is to build a full scale 31.5 tonnes 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. Additionally, the Group has incorporated a US corporate structure under its full ownership.

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 Group and maximizing shareholder value.

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.

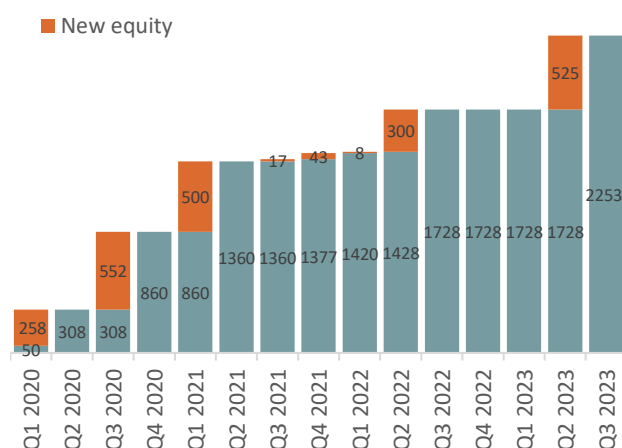
The group further raised NOK 16.6m in new equity in August 2021 as part consideration for the acquisition of Kraft Laks.

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 H1 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 30 September 2023, the Term Loan of NOK 525 million was fully drawn.

In addition, the Group has a NOK 100m overdraft facility for biomass and receivables financing of which NOK 88 million was drawn at the end of the quarter.

Funding K Smart Farming

As per the joint venture agreement between the Group and Dongwon Industries, funding structure of K Smart Farming is 25% equity and 75% debt, where Dongwon Industries is to facilitate the debt financing.

As per 30 September 2023 Salmon Evolution has invested around NOK 27 million in equity into K Smart.

Funding Salmon Evolution Dale

In Q4 2021 the Group entered a debt financing package of NOK 52 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

In Q3 2023 the debt package was expanded with NOK 8 million on the same terms and conditions.

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 30 September 2023 about NOK 50 million of the NOK 60 million debt financing package was drawn.

Extending the ocean potential

Our Technology – Hybrid flow through system (HFS)

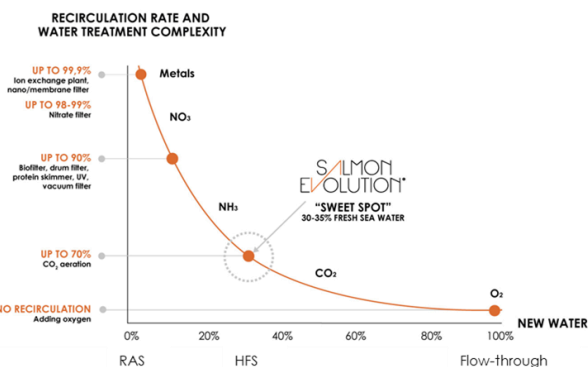
Salmon Evolution is founded on the belief that good biology equals good economy. This belief has been essential when developing the production methods and technology that are to be applied in the Company’s land-based salmon farming facilities.

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.

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

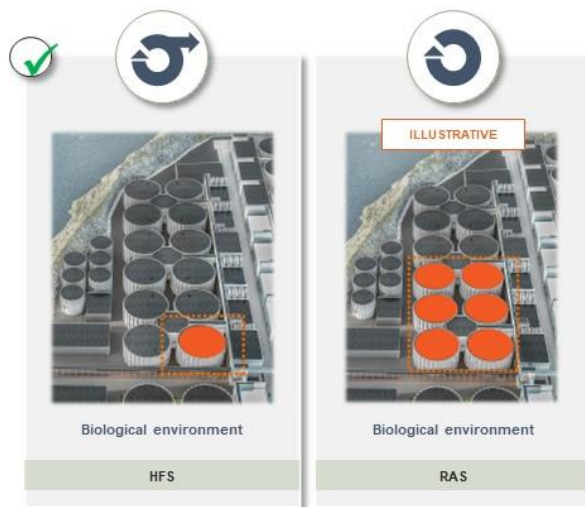
To ensure optimal biological and growth conditions in the fish tanks, oxygen and CO2 levels are constantly monitored and adjusted.

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



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

At Indre Harøy the seawater intake is based on two inlet pipes at 25 meters and 95 meters, enabling the Company to tap into ideally tempered water and hence reducing energy costs relating to heating of seawater.



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 third quarter 2023

Comparable figures for Q3 2022 in brackets

In the third quarter the Group recorded operating revenues of NOK 15.9 million (NOK -0.2 million). Most of this was related to harvest of the first fish group in batch 3. Additionally, the Group sold services totalling NOK 2.5 million.

Personnel expenses in the quarter totalled NOK 21.7 million (NOK 15.7 million). In Q3 approximately 11% (39%) of the total personnel expenses were capitalized.

Other operating expenses totalled to NOK 33.1 million (NOK 16.0 million). This consisted mainly of operating expenses at our facilities in Dale and Indre Harøy, costs related to the expansion projects in South Korea and North America and other administration expenses.

The Group recorded depreciations of NOK 16.1 million (NOK 1.6 million), mostly related to the facility at Indre Harøy. Depreciations for the Indre Harøy facility commenced in May 2023.

After fair value adjustment related to the biomass of NOK 14.8 million, the Group recorded an operating loss of NOK 25.9 million compared to NOK 16.1 million for the same period in 2022.

The Group recorded capacity adjustments for unutilized production capacity of NOK 13.7 million.

Net financials for the quarter were negative at NOK 10.6 million (positive NOK 1.9 million), mostly because of interest rate costs and changes in value of the power supply contract.

The Group recorded no tax cost for the quarter, and the loss ended at NOK 36.5 million (NOK 14.2 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	Q3 23	Q3 22	YTD 23	YTD 22	2022
Operating revenue (NOK 1000)	13 349	0	69 731	19 293	46 054
Sales revenue/kg (NOK) ¹	72,2	N/A	90,6	N/A	75,3
Operational EBITDA ² (NOK 1000)	-8 115	-11 364	-23 257	-22 057	-34 135
Harvest volumes (tonnes, HOG)	185	0	770	0	340

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

²Before fair value adjustment related to biological assets

The farming operation had all-time high net biomass growth of 1,290 tonnes (LW) in the third quarter, as well as all-time high standing biomass at 2,100 tonnes (LW) at the end of the quarter.

Batch 3 was partially harvested in the quarter, generating 185 tonnes (HOG) and 13.4 million in revenues. On the back of a high superior share

of 96 % and tight weight concentration, price realization was strong at NOK 72 per KG.

The operational EBITDA for the farming segmented ended at negative NOK 8.1 million before fair value adjustment. Capacity adjustments amounted to NOK 13.7 million.

Other

Other	Q3 23	Q3 22	YTD 23	YTD 22	2022
Operating revenue (NOK 1000)	7 003	3 085	20 040	8 342	15 292
Operational EBITDA (NOK 1000)	-16 522	-9 386	-44 532	-21 146	-34 346

The other segment had operating revenues of NOK 7.0 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 reinvoiced to K Smart in its entirety.

The operational EBITDA ended at NOK -16.5 million. This was driven by 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 Q3 2022 in brackets

Consolidated net cash flow from operating activities was negative NOK 74.7 million (negative NOK 22.8 million). This is primarily related to the increase in biological assets.

Having completed phase 1 at Indre Harøy, the net cash flow from investment activities has been reduced and ended at negative NOK 65.9 million (negative NOK 78,6 million). Investments in Q3 were driven by activities related to the project design for Indre Harøy phase 2, completion of groundworks for phase 2, as well as an intensive period for the upgrades at the Dale smolt facility. The upgrades will be completed by year-end.

Cash flow from financing activities during the quarter was positive with NOK 23.8 million.

Total net cash flow during the second quarter was negative with NOK 115.8 million (negative NOK 68.0 million). The liquidity position at the end of the period was strong, with cash and cash equivalents of NOK 445.9 million. Total available liquidity ended at of NOK 705.2 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)

	Q3 23	Q3 22	YTD 23	YTD 22	2022
Net cash flow from operating activities	-74 691	-22 823	-131 549	-18 600	-76 124
Net cash flow from investments activities	-64 892	-78 550	-289 773	-611 702	-796 132
Net cash flow from financing activities	23 773	33 329	588 427	581 877	645 471
Net change in cash and cash equivalents	-115 810	-68 046	167 105	-48 426	-226 786
Cash and cash equivalents at start of period	561 675	525 165	278 759	505 545	505 545
Cash and cash equivalents at end of period	445 865	457 119	445 865	457 119	278 759

Financial position

Comparable figures for Q3 2022 in brackets

On 30 September the book value of the Group's assets was NOK 2,759.4 million (NOK 2,281.0 million). This is relatively similar to the book value reported on 30 June 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 1,971.1 million (NOK 1,570.2 million). This corresponds to an equity ratio of 71% (69%).

Consolidated interest-bearing liabilities totalled NOK 663.4 million (NOK 500.9 million) which mainly relates to the financing of Indre Harøy phase 1.

Received grants are recognized in the financial accounts as a reduction of fixed assets. As of Q3 2023 the Group has recognized NOK 14.3 million in Skattefunn grants and NOK 96.8 million in Enova grants of which NOK 14.3 million and NOK 96.8 million have been received by 30 September 2023, respectively.

Summary for the first nine months of 2023

Comparable figures for the first nine months of 2022 in brackets

In the first nine months 2023 the Group had operating revenues of NOK 79.5 million (NOK 47.7 million), where NOK 69.7 million (NOK 19.3 million) were related to the farming segment. The increase from the same period last year is related to increased harvest volumes. Apart from revenues linked to harvest, the Group have some revenues from sale of services and related to insurance settlement following the mortality incident during the second quarter.

Personnel expenses and other operating expenses amounted to NOK 147.3 million (NOK 15.3 million). The increase from the same period last year is driven by higher activity at the Group's grow-out facility at Indre Harøy than the corresponding period in 2022.

The Group recorded depreciations of NOK 29.6 million (NOK 6.2 million), mostly related to the facility at Indre Harøy. Depreciations for the Indre Harøy facility commenced in May 2023.

After fair value adjustment related to the biomass of NOK 22.7 million, the Group recorded an operating loss of NOK 74.7 million for the first nine months of 2023 compared to NOK 62.9 million for the same period in 2022.

Net financials amounted to negative 20.2 million (positive 30.2 million). Most of this effect was related to changes in value of the power supply contract, partly offset by a gain on the interest rate swaps.

The Group recorded no tax cost for the first half of 2023, and the loss ended at NOK 94.9 million

compared to NOK 32.8 million for the same period in 2022.

The net cash flow from operating activities in the first nine months of 2023 was negative NOK 131.6 million (NOK 76.1 million).

Having completed the grow-out facility at Indre Harøy in April 2023, the net cash flow from investing activities was significantly reduced from the same period in 2022 and ended at negative NOK 289.7 million (negative NOK 611.7 million).

Cash flow from financing activities came in relatively similar for the first nine months of 2023 compared to the same period in 2022 at NOK 588.4.7 million (NOK 645.5 million). In 2023 the cash flow is primarily related to the private placement of NOK 525 million done in April, in the same period in 2022 the Group completed a private place of NOK 300 million as well as new borrowings of NOK 240.6 million.

The net change in cash and cash equivalents for the first nine months of was NOK 167.1 million, and at 30 September 2023 cash and cash equivalents amounted to NOK 445.9 million and total available liquidity of NOK 705.2 million including committed undrawn credit facilities.

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.

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 30 September 2023

Share information

As per 30 September 2023 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 55.7% of the shares in the Group.

The Group carried out NOK 525 million private placement on 18th April 2023 as part of the Indre Harøy phase 2 financing.

During the quarter the average daily traded volume was about 480,000 shares and the average daily traded value was about NOK 3.1 million (Oslo Børs).

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

20 largest shareholders 30 September 2023

Shareholder	# of shares	% share
Ronja Capital II AS	30 140 645	7,3 %
The Bank of New York Mellon SA/NV	26 044 850	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 %
Verdipapirfondet Dnb Norge	12 804 388	3,1 %
Kjøllås Stansekniver AS	12 506 439	3,0 %
Stette Invest AS	11 569 338	2,8 %
J.P. Morgan SE	11 076 028	2,7 %
Ewos AS	9 480 984	2,3 %
Verdipapirfondet DNB SMB	9 349 010	2,3 %
Jakob Hatteland Holding AS	8 758 786	2,1 %
Mevold Invest AS	8 141 141	2,0 %
Lynghem Invest AS	7 894 252	1,9 %
Bortebakken AS	7 694 330	1,9 %
VPF DNB Norge Selektiv	7 503 095	1,8 %
Nordnet Livsforsikring AS	5 177 229	1,3 %
The Northern Trust Comp	4 250 000	1,0 %
Salmoserve AS	3 812 921	0,9 %
Verdipapirfondet Nordea Avkastning	3 578 295	0,9 %
Total 20 largest shareholders	229 303 633	55,4 %
Other shareholders	184 633 007	44,6 %
Total number of shares	413 936 640	100,0 %

Source: VPS, Company

Risk and uncertainties

As described in the Annual Report for 2022, 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 developments within the Group's aquaculture operations. Land-based salmon farming is a new industry and is subject to inherent risk by being an industry in the development phase, as well as the risk that the Group's commercialization strategy may fail. The Group 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 chosen 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

Having entered the operational phase, the Group is exposed to the general development of salmon prices. In 2023 salmon prices have remained strong. As of 30 September 2023, 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 hedging agreements in place for most of its expected electricity needs for 2023. From 2024 and for the next three years, about half of the expected electricity needs are hedged 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 30 September 2023, outstanding loans from credit institutions amounted to NOK 663.4 million (excluding financial leasing).

The Group's 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 30 September 2023 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 to ensure that products are only sold to customers with satisfactory creditworthiness where credit insurance is used when deemed necessary. This risk is not considered to be material on 30 September 2023.

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.

Summary and Outlook

Salmon Evolution is pleased with the continued strong biological performance at Indre Harøy. In Q3 the Group had all-time high net biomass production of 1,290 tonnes (LW) and standing biomass of 2,100 tonnes (LW) at the end of the quarter.

At the start of the quarter the Group had quarterly run-rate biomass production off approximately 1,000 tonnes (LW). At the end of the quarter the quarterly run-rate had increased to 1,600 to 1,700 tonnes (LW), equivalent to 70-75 % of steady state volumes. The appetite has been good throughout the period, and the mortality for the quarter ended at 1.5 %, giving a yearly run-rate of approximately 6 %. In other words, Salmon Evolution is well on its way reaching a mortality rate of between 3-5 %.

Towards the end of the quarter the first part of batch 3 was harvested with strong results. As for previous harvests the superior share was high, at 96 %, and the weight concentration was tight. In the first nine months of 2023 the Group had harvested 770 tonnes (HOG) with an industry leading average superior share of 94 %, a testament to the strong product quality.

Going into Q4 Salmon Evolution is on the verge of significantly increasing harvest volumes. In Q4 the Group plans to harvest the last part of batch 3, all of batch 4 and about half of batch 5.

On 30 September Salmon Evolution had a standing biomass of 2,100 tonnes (LW), a 101 % increase compared to the previous quarter. At Indre Harøy, after releasing batch 8 in August, the Group had fish from six different batches with average weights, at batch level, ranging between ~205g and ~3,980g. Post quarter in early October batch 9 was stocked, bringing the total number of individuals at Indre Harøy ~1.5 million, which is in line with the targeted steady-state levels of 1.5-1.6 million.

Post quarter Salmon Evolution's grow-out site at Indre Harøy also earned the prestigious Aquaculture Stewardship Council ("ASC") certification. ASC is globally renowned for its stringent aquaculture standards focused on environmental sustainability and social responsibility. Achieving this after only 18 months of operation is a strong achievement, and highlights Salmon Evolution's commitment to responsible and sustainable salmon production. This certification also plays an important part of the Group's commercial strategy, both in terms of market access and to support strong price realization.

Total Norwegian exports of salmon during Q3 2023 was 348,000 tons compared to 351,000 tons in the same period last year, a decrease of 1 %. For the year in full, export volumes are down.

Most analysts expect moderate global supply growth in 2024, pointing towards a tight market. This should support a scenario with strong salmon prices going forward, as also evidenced in the Fishpool forward prices which now are at NOK ~96/kg on average for 2024. With Salmon Evolution currently ramping up production and harvest volumes, the Group should be in a good position to benefit of this over the coming quarters.

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

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 30 September 2023 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 14 November 2023



Tore Tønseth
Chair



Peder Stette
Director



Anne Breiby
Director



Ingvild Vartdal
Director



Janne-Grethe Strand Aasnæs
Director



Jan-Emil Johannessen
Director



Eunhong Min
Director



Vibecke Bondø
Director



Trond Håkon Schaug-
Pettersen
CEO

Interim financial statements

Statement of Profit and Loss

Summary of result						
(figures in NOK 1000)						
	Note	Q3 23	Q3 22	YTD 23	YTD 22	2022
Sales revenues	2	13 349	0	69 731	19 293	46 107
Other income		2 508	-223	9 843	-19	1 574
Total operating revenue		15 856	-223	79 574	19 273	47 681
Change in inventory	3,4	52 294	23 072	81 285	25 489	34 077
Cost of materials	3,4	-38 024	-11 852	-81 293	-18 208	-34 706
Personnel expenses	5	-21 708	-15 700	-54 900	-33 387	-49 996
Other operating expenses		-33 056	-16 047	-92 456	-39 018	-65 538
Operational EBITDA		-24 637	-20 750	-67 788	-45 850	-68 481
Depreciations	6	-16 062	-1 571	-29 639	-4 082	-6 190
Operational EBIT		-40 699	-22 321	-97 428	-49 932	-74 671
Fair value adjustment of biomass	3	14 843	6 226	22 755	8 873	11 740
Operating Profit (EBIT)		-25 857	-16 095	-74 673	-41 059	-62 931
Financial income	7	5 700	8 589	21 751	24 559	35 322
Financial expense	7	-14 394	-6 460	-37 172	-9 239	-4 170
Share of net income from associated companies	8	-1 946	-220	-4 792	-496	-947
Financial expense - net		-10 640	1 908	-20 212	14 824	30 205
Profit/loss before tax		-36 497	-14 187	-94 885	-26 235	-32 726
Income tax expense	9	0	0	0	0	0
Profit/loss for the period	10	-36 497	-14 187	-94 885	-26 235	-32 726
Basic earnings per share (NOK)	10	-0,09	-0,04	-0,25	-0,08	-0,10
Diluted earnings per share (NOK)	10	-0,09	-0,04	-0,25	-0,08	-0,10
Statement of Comprehensive Income						
Profit/(loss) for the period		-36 497	-14 187	-94 885	-26 235	-32 726
Currency translation differences	8	-717	-318	-805	498	1 363
Total comprehensive income for the period		-37 214	-14 505	-95 690	-25 737	-31 363

Statements of financial position

(figures in NOK 1000)	Note	30 Sept 2023	30 June 2023	31 Dec 2022	30 Sept 2022
Assets					
Intangible assets	6	66 714	66 594	65 149	63 711
Deferred tax assets	9	0	0	2 077	1 026
Assets under construction	6	75 620	42 599	1 713 490	1 577 758
Assets in use, not allocated	6	6 211	1 826 853	0	0
Property, plant & equipment	6	1 856 540	32 143	30 541	27 375
Right-of-use assets	6	13 079	12 965	13 001	10 596
Investment in associated companies	8	21 038	23 702	26 635	26 220
Total non-current assets		2 039 203	2 004 856	1 850 894	1 706 688
Inventory	3	5 609	3 067	1 941	2 227
Biological assets	3	161 185	94 704	58 927	47 185
Trade receivables		21 424	9 275	23 080	1 822
Other current receivables		68 210	76 198	66 951	52 310
Financial derivatives	7	17 883	21 371	25 622	13 652
Cash and cash equivalents		445 865	561 675	278 759	457 120
Total current assets		720 175	766 288	455 281	574 316
Total assets		2 759 378	2 771 144	2 306 174	2 281 004
Equity and liabilities					
Share capital	11	20 697	20 697	17 288	17 288
Share premium	11	2 124 647	2 125 645	1 627 073	1 627 073
Other reserves	5	10 175	9 505	8 320	8 995
Other equity		0	0	0	0
Uncovered losses		-184 465	-147 252	-88 774	-83 148
Total equity		1 971 054	2 008 594	1 563 906	1 570 208
Long-term interest-bearing debt	12	559 669	555 669	513 169	478 169
Lease liabilities - long term	12	9 182	9 101	9 676	7 352
Other long-term liabilities	12	8 549	8 549	8 549	7 976
Total non-current liabilities		577 400	573 318	531 393	493 497
Short-term interest-bearing debt	12	103 766	77 878	55 353	22 739
Trade payables		86 512	89 689	135 098	179 988
Social security and other taxes		3 863	4 659	7 086	4 125
Lease liabilities - short term	12	4 338	4 215	3 553	3 441
Other short-term liabilities		12 444	12 791	9 783	7 006
Total current liabilities		210 923	189 232	210 873	217 299
Total liabilities		788 323	762 550	742 267	710 796
Total equity and liabilities		2 759 378	2 771 144	2 306 174	2 281 004

Statement of cash flow

(figures in NOK 1000)	Note	Q3 23	Q3 22	YTD 23	YTD 22	2022
Cash flow from operations						
Profit/loss before tax		-36 497	-14 187	-94 885	-26 235	-32 726
Adjustments for:						
Depreciation	6	16 062	1 571	29 639	4 082	6 190
Net financials		10 640	-1 908	20 212	-14 824	-30 205
Share based payment expenses		671	1 204	1 856	3 876	3 201
Changes in working capital:						
Change in trade receivables		-12 149	1 829	1 656	-1 440	-22 698
Change in other current receivables		7 988	28 244	-1 259	52 416	37 774
Change in inventory and biological assets	4	-54 181	-20 425	-83 171	-25 489	-34 077
Change in fair value of biomass	4	-14 843	-8 873	-22 755	-8 873	-11 740
Change in trade payables		8 758	-10 033	15 643	-2 485	2 047
Change in social security and other taxes		-795	23	-3 222	-821	2 139
Change in other current liabilities		-345	-269	4 737	1 194	3 971
Net cash flow from operations		-74 691	-22 823	-131 549	-18 600	-76 124
Cash flow from investment activities						
Payments for fixed assets net of government grants	6	-52 837	-134 030	-223 979	-630 977	-763 498
Payments for intangible assets	6	-120	-430	-1 565	-1 126	-3 614
Change in trade payables investments		-11 935	55 909	-64 229	20 401	-29 020
Net cash flow from investment activities		-64 892	-78 550	-289 773	-611 702	-796 132
Cash flow from financing activities						
Proceeds from issue of equity, net paid transaction costs		-999	0	500 982	294 538	294 538
Proceeds from new borrowings	12	29 888	47 582	94 912	288 226	356 253
Repayment of borrowings		0	-12 604	0	-13 337	-13 337
Net change in right of use assets and liabilities		89	-2 990	214	8 664	210
Financial expenses paid		-10 617	-6 270	-21 823	-8 658	-15 079
Financial income received		5 412	7 611	14 141	12 444	22 886
Net cash flow from financing activities		23 773	33 329	588 427	581 877	645 471
Net change in cash and cash equivalents		-115 810	-68 046	167 105	-48 426	-226 786
Cash and cash equ. at the beginning of the period		561 675	525 165	278 759	505 545	505 545
Cash and cash equ. at the end of the period		445 865	457 119	445 865	457 119	278 759

Statement of Changes in Equity

(figures in NOK 1000)		Share capital	Share premium	Other reserves	Other equity	Uncovered losses	Total equity
Balance at 1 January 2022	11	15 540	1 334 282	5 118	0	-57 411	1 297 530
Profit/loss for the period		0	0	0	0	-26 235	-26 235
Other comprehensive income		0	0	0	0	498	498
Total comprehensive income		0	0	0	0	-25 737	-25 737
Private placement, 5 April 2022		1 129	202 041	0	0	0	203 170
Private placement, 2 May 2022		538	96 293	0	0	0	96 831
Private placement, transaction costs		0	-13 267	0	0	0	-13 267
Share options issued	5	0	0	3 876	0	0	3 876
Share based payment expensed		81	7 724	0	0	0	7 805
Transactions with owners		1 748	292 790	3 876	0	0	298 415
Balance at 30 September 2022	11	17 288	1 627 073	8 995	0	-83 148	1 570 208
Profit/loss for the period		0	0	0	0	-6 490	-6 490
Other comprehensive income		0	0	0	0	865	865
Total comprehensive income		0	0	0	0	-5 625	-5 625
Private placement, 5 April 2022		0	0	0	0	0	0
Private placement, 2 May 2022		0	0	0	0	0	0
Private placement, transaction costs		0	0	0	0	0	0
Share options issued	5	0	0	-675	0	0	-675
Share based payment expensed		0	0	0	0	0	0
Transactions with owners		0	0	-675	0	0	-675
Balance at 31 December 2022	11	17 288	1 627 072	8 319	0	-88 774	1 563 906
Profit/loss for the period		0	0	0	0	-94 885	-94 885
Other comprehensive income		0	0	0	0	-805	-805
Total comprehensive income		0	0	0	0	-95 690	-95 690
Private placement, April 2023		3 409	521 591	0	0	0	525 000
Private placement, transaction costs		0	-24 017	0	0	0	-24 017
Share options issued	5	0	0	1 856	0	0	1 856
Share based payment expensed		0	0	0	0	0	0
Transactions with owners		3 409	497 574	1 856	0	0	502 839
Balance at 30 September 2023	11	20 697	2 124 647	10 175	0	-184 465	1 971 054

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.

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 14 November 2023.

These interim financial statements have not been audited.

Consolidation

These condensed consolidated statements for the period ended 30 September 2023 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 also 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 2022, 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 both from the sale of smolt from contract with customer and sale of whole and processed salmon in the spot market. The Group is no longer selling smolt externally, but did in 2022. 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 determined upon the settlement and is based on available market price where the price will vary with both quality and size. Payment is settled upon delivery, and 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 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. Intersegment transfers or transactions are entered into under normal commercial terms and conditions, and the measurement used in the segment reporting is the same as used for the actual transactions.

(In thousand NOK)	Farming Norway	Other	Eliminations	Group
Q3 2023				
Operating revenue	13 349	7 003	-4 495	15 856
Operational EBITDA	-8 115	-16 522	-0	-24 637
Operational EBIT	-23 877	-17 318	496	-40 699
Harvest volumes (tonnes, HOG)	185			185
Operational EBITDA/kg (NOK)	N/A			N/A
Operational EBIT/kg (NOK)	N/A			N/A
Q3 2022				
Operating revenue	0	3 085	-3 308	-223
Operational EBITDA	-11 364	-9 386	0	-20 750
Operational EBIT	-12 490	-9 831	0	-22 321
Harvest volumes (tonnes, HOG)	0			0
Operational EBITDA/kg (NOK)	N/A			N/A
Operational EBIT/kg (NOK)	N/A			N/A
YTD 2023				
Operating revenue	69 731	20 040	-10 196	79 574
Operational EBITDA	-23 257	-44 532	0	-67 788
Operational EBIT	-51 210	-46 851	633	-97 428
Harvest volumes (tonnes, HOG)	770			770
Operational EBITDA/kg (NOK)	N/A			N/A
Operational EBIT/kg (NOK)	N/A			N/A

YTD 2022

Operating revenue	19 293	8 342	-8 362	19 273
Operational EBITDA	-22 057	-21 146	-2 647	-45 850
Operational EBIT	-25 048	-22 237	-2 647	-49 932
Harvest volumes (tonnes, HOG)	0			
Operational EBITDA/kg (NOK)	N/A			
Operational EBIT/kg (NOK)	N/A			

FY 2022

Operating revenue	46 054	15 292	-13 665	47 681
Operational EBITDA	-34 135	-34 346	0	-68 481
Operational EBIT	-38 387	-36 284	0	-74 671
Harvest volumes (tonnes, HOG)	340			
Operational EBITDA/kg (NOK)	N/A			
Operational EBIT/kg (NOK)	N/A			

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.

When the facility is at steady state production volumes, 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.

BOOK VALUE OF INVENTORY	NOK 1000			
	Q3 2023	Q2 2023	Q4 2022	Q3 2022
Equipment	1 886	0	0	0
Raw materials	3 722	3 067	1 941	2 227
Biological assets	161 185	94 704	58 927	47 185
Finished goods	0	0	0	0
Total	166 794	97 770	60 867	49 413

BIOLOGICAL ASSETS	TONNES			
	Q3 2023	YTD 2023	Q3 2022	YTD 2022
Fair value adjustment end of period	N/A	N/A		N/A
Biological assets end of period	2 100	2 100	625	625

	NOK 1000			
	Q3 2023	YTD 2023	Q3 2022	YTD 2022
Biological assets beginning of period	94 704	58 927	19 002	14 939
Increase due to production	67 138	143 851	21 957	36 163
Reduction due to harvest/sale	-15 499	-51 446	0	-12 789
Reduction due to incident based mortality	0	-12 901	0	0
Fair value adjustment beginning of period	-19 652	-11 740	-2 647	0
Fair value adjustment end of period	34 495	34 495	8 873	8 873
Biological assets end of period	161 185	161 185	47 185	47 185

Specification of biological assets

Biological assets per 30.09.2023	Number of fish (1000)	Biomass (tonnes)	Cost of production (NOK 1000)	Fair value adjustment (NOK 1000)	Carrying amount (NOK 1000)
Smolt	2 900	120	17 812	0	17 812
Non-harvestable fish (<4.6 kg)	1 327	1 980	108 878	34 495	143 373
Harvestable fish (>4.6 kg)	0	0	0	0	0
Total	4 227	2 100	126 690	34 495	161 185

Biological assets per 30.09.2022	Number of fish (1000)	Biomass (tonnes)	Cost of production (NOK 1000)	Fair value adjustment (NOK 1000)	Carrying amount (NOK 1000)
Smolt	2 121	137	12 738	0	12 738
Non-harvestable fish (<4.6 kg)	327	488	25 575	8 873	34 447
Harvestable fish (>4.6 kg)	0	0	0	0	0
Total	2 448	625	38 312	8 873	47 185

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, logistic 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. Year-to-date this adjustment amounted to NOK 31.9 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)	Q3 2023	YTD 2023	Q3 2022	YTD 2022
Cost of materials and change in inventory	14 270	-7	11 220	7 281

Composition COGS:

Inventory change	52 294	81 285	23 072	25 489
Raw material purchase	-38 024	-81 293	-11 852	-18 208
Sum	14 270	-7	11 220	7 281

Composition inventory change:

Change due to production	67 138	143 851	21 957	36 163
Change due to harvest/sale	-15 499	-51 446	0	-12 789
Change due to incident based mortality	0	-12 901	0	0
Change inventory raw material	656	1 781	1 115	2 116
Sum	52 294	81 285	23 072	25 489

Composition - change due to production:

Raw material cost	37 368	79 511	10 737	16 092
Salaries	5 636	15 253	1 978	5 503
Other operating expenses	24 134	49 087	9 242	14 567
Sum	67 138	143 851	21 957	36 163

Note 5 – Share based payment expenses

Effects on financial statement:

NOK thousands	Q3 2023	YTD 2023
Other paid-in capital	671	1 856
Net BS	671	1 856

	Q3 2023	YTD 2023
Option cost	-671	-1 856
Net PL	-671	-1 856

	Q3 2023	YTD 2023
Capitalized option cost	0	0
Allocated to CAPEX	0	0

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 2022	62 586	971 122	0	7 607	8 966	3 997	1 054 278
Additions	1 126	606 636	0	16	13 450	10 874	632 102
Completed constructions							0
Cost 30 Sept 2022	63 711	1 577 758	0	7 623	22 416	14 871	1 686 379
Acc. depreciation 1 January 2023	0	0	0	-302	-670	-1 885	-2 857
Depreciation for the period	0	0	0	-486	-1 206	-2 390	-4 082
Net book value 30 Sept 2022	63 711	1 577 758	0	6 835	20 540	10 596	1 679 441

(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	1 565	212 037	0	2 147	6 455	3 419	225 622
Completed constructions	0	-1 849 906	6 211	1 573 252	270 443	0	0
Cost 30 Sept 2023	66 714	75 620	6 211	1 583 006	303 317	21 981	2 056 850
Acc. depreciation 1 January 2023	63 711	1 577 758	0	-951	-2 534	-5 561	1 632 423
Depreciation for the period	0	0	0	-16 861	-9 438	-3 340	-29 639
Net book value 30 Sept 2023	66 714	75 620	6 211	1 565 194	291 345	13 079	2 018 165

Note 7 – Finance income and finance cost

(figures in NOK 1000)

Finance income	Q3 2023	Q3 2022	YTD 2023	YTD 2022	2022
Interest income	4 696	1 837	11 250	5 428	8 730
Positive change in value of financial derivatives	288	6 592	7 610	17 729	25 547
Foreign exchange gains	716	160	2 877	1 392	1 035
Other finance income	0	0	14	10	10
Financial income	5 700	8 589	21 751	24 559	35 322
Share of net income from associated companies	-1 946	-220	-4 792	-496	-947
Total financial income	3 754	8 369	16 959	24 063	34 375

Finance expenses	Q3 2023	Q3 2022	YTD 2023	YTD 2022	2022
Interest on debts and borrowings	10 198	770	18 890	2 242	3 012
Foreign exchange losses	420	76	2 446	1 358	554
Reduced value of financial derivatives	3 777	5 614	15 349	5 614	0
Other finance expenses	0	0	487	25	604
Total financial expenses	14 394	6 460	37 172	9 239	4 170

Net financial income/- expenses	-10 640	1 909	-20 212	14 824	30 204
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Fair value adjustments - financial assets

(NOK thousand)	YTD 2023	YTD 2022	2022
Unrealised changes in the value of interest rate swap	7 610	12 840	10 455
Unrealised changes in the value of contract related to power supply	-15 349	-726	13 629
Realised profit (loss) related to interest rate swap	1 712	0	0
Realised profit (loss) related to power supply contract	993	0	1 463
Fair value adjustments recognised in profit and loss	-5 034	12 114	25 547

The Group did not have any fair value adjustments of financial liabilities in Q3 2023, nor in 2022.

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		
Net book value 31 December 2021	26 219		
Share of net income YTD 2022	-947		
Foreign currency translation gain/(loss) YTD 2022	1 363		
Net book value 31 December 2022	26 635		
Share of net income YTD 2023	-4 792		
Foreign currency translation gain/(loss) YTD 2023	-805		
Net book value 30 September 2023	21 038		

Investments in associated companies are recognized using the equity method.

Note 9 – Tax

(figures in NOK 1000)	YTD 2023	YTD 2022
Profit/loss before tax	-94 885	-26 235
Calculated tax (22%)	-20 875	-5 772
Tax payable	0	0
Change in deferred tax (asset)	-20 875	-5 772
Change in deferred tax not shown in the balance sheet	20 875	5 772
Tax expense	0	0

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the period ended 30 September 2023 is 22%, compared to 22% for the period ended 30 September 2022.

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

Note 10 – Earnings per share

(figures in NOK 1000)	YTD 2023	YTD 2022
Loss attributable to the equity owners of the Company	-94 885	-26 235
Loss for calculation of diluted earnings per share	-94 885	-26 235
Weighted average number of shares outstanding ¹⁾	383 633 610	334 124 267
Dilutive options	0	0
Average number om shares and options used in calculation for diluted EPS	383 633 610	334 124 267
Basic earnings per share (NOK)	-0,25	-0,08
Diluted earnings per share (NOK)	-0,25	-0,08

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

YTD 2023: The Company had 345,754,822 shares for the first four months of the year. In April the Company made an issue of 68,181,818 new shares in a capital raise. Therefor the weighted average number of shares outstanding YTD 2023 has been calculated by applying a weight of 4/9 of the number of shares before the capital raise, and 5/9 of the total number of shares after the capital raise (413,936,640 shares).

YTD 2022: The Company started the year with 310,796,489 shares. In the end of March shares options to the employees were exercised increasing the total number of shares with 1,625,000, followed by an issue of 33,333,333 new shares in a capital raise in April. Therefor the weighted average number of shares outstanding YTD 2022 has been calculated by applying a weight of 1/3 of the number of shares before the capital raise in Q1 2022 (310,796,489 shares), and 2/3 of the total number of shares after the capital raise (345,754,822 shares).

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
Opening balance 1 July 2020			5 375 159	0,05			107 503 182
Share options exercised	10 July 2020	30 000	5 405 159	0,05	3,33	600 000	108 103 182
Private placement	23 July 2020	581 395	5 986 554	0,05	4,30	11 627 906	119 731 088
Private placement	11 September 2020	5 000 000	10 986 554	0,05	5,00	100 000 000	219 731 088
Private placement	23 March 2021	4 166 667	15 153 221	0,05	6,00	83 333 333	303 064 421
Acquisition Kraft Laks	16 August 2021	109 535	15 262 756	0,05	7,58	2 190 694	305 255 115
Private placement	12 October 2021	277 068	15 539 824	0,05	7,71	5 541 374	310 796 489
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

Long-term interest bearing debt

(NOK thousand)	30.09.2023	30.09.2022	31.12.2022
Debt to credit institutions	559 669	478 169	513 169
Leasing liabilities	9 182	7 352	9 676
Total long-term interest-bearing debt	568 851	485 520	522 845

Short-term interest bearing debt

(NOK thousand)	30.09.2023	30.09.2022	31.12.2022
Debt to credit institutions	103 766	10 057	42 512
Other short-term interest bearing debt	0	12 681	12 841
Leasing liabilities	4 338	3 441	3 553
Total short-term interest-bearing debt	108 104	26 180	58 906

Total interest-bearing debt	676 955	511 701	581 750
Cash & cash equivalents	445 865	457 120	278 759
Net interest-bearing debt	231 090	54 580	302 991

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 30 September 2023, NOK 525 million was drawn under the previous senior secured debt financing package. In addition, the Group has drawn NOK 88 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 50 million was drawn as per 30 September 2023. 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 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.

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
Balance at January 1, 2023	58 906	522 845
Repayment of loans and borrowings	-12 841	-
Proceeds from new bank loan	61 254	46 500
Change in obligations under leases	785	-493
Balance at September 30, 2023	108 104	568 851
Transaction cost related to loans and borrowings	17 050	
Capitalised borrowing cost	17 060	
Interest expense	18 890	
Change in accrued interest	-1 143	
Interest paid YTD 2023	51 856	

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 Q3 2023, nor YTD 2023.

Note 14 – Significant and subsequent events

No material subsequent events.

ABOUT SALMON EVOLUTION

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

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

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

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

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

SALMON
EVOLUTION*

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Anne Breiby

Board Member

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Board Member

Peder Stette

Board Member

Janne-Grethe Strand Aasnæs

Board Member

Eunhong Min

Board Member

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Trond Håkon Schaug-Pettersen

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COO

Odd Frode Roaldsnes

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