



Extending the ocean potential

Q3 2020

SALMON
EVOLUTION®

Salmon Evolution – Extending the Ocean Potential

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

- First production facility under construction, with annual harvesting capacity of approx. 31,500 tonnes HOG. Clear roadmap to 70,000 tonnes by 2030
- Utilizing hybrid flow-through system with 30%-35% freshwater intake, reducing complexity and biological risk and securing optimal growth at low cost
- Targeting a position as a global leading land-based farmer, enabled by a strong ESG profile
- Preparations for listing at Oslo Stock Exchange (main list) has started, and is expected to be materialized in 2021

State of the art hybrid flow-through production facility under construction

Strategically located on the Norwegian west coast, with access to an educated and experienced work force, established salmon farming infrastructure, renewable energy, and unlimited fresh seawater

International expansion ambitions, with planned first step in South Korea together with Dongwon Industries. Potential for additional opportunities in both Asia, North America and Europe



Clear roadmap towards +70kt HOG annual harvest

Further opportunities in process



Highlights

- Construction of Phase 1 at Indre Harøy progressing according to plan. Contractual target price formalised at NOK 1.3 billion
- Secured financing through pre-IPO private placement of NOK 500 million, direct equity investment of NOK 50 million and debt financing of NOK 40 million for land acquisition at Indre Harøy
- Available cash of NOK 709 million (NOK 3,23 per share) at 30 September
- Signed term sheet with Dongwon Industries in South Korea -one of the world's leading seafood companies- for a potential joint venture for international expansion and sales & marketing collaboration
- Appointed Trond Håkon Schaug-Pettersen as CFO
- Listed on Merkur Market in September 2020 under the ticker SALME-ME

Salmon Evolution's shares successfully listed on Merkur Market, September 2020



Photo: Salmon Evolution

Key figures

(figures in NOK 1000)	Q3 2020	Q3 2019	YTD 2020	YTD 2019
IFRS main figures				
Operating Revenues	674	-175	704	-175
EBITDA	-9 248	-3 480	-15 634	-7 957
EBIT	-9 147	-3 470	-15 518	-7 935
Profit / (loss) before taxes	-9 248	-3 480	-15 634	-7 957
Cash flow from investment activities	-26 306	-5 216	-94 551	-10 290
Cash flow from financing activities	522 886	-49	767 495	49 807
Net cash flow	518 647	-8 246	687 654	32 218
Available cash	708 778	32 588		
Available cash per share	3,23	1,09		
Net Interest bearing liabilities	-706 753	-30 760		
Total assets	870 534	46 352		
Equity	792 458	40 731		
Equity ratio	91 %	88 %		

Project review

Status - Indre Harøy

Since the groundwork started in May, the Phase 1 project at Indre Harøy has developed according to plan, time and budget.

The main contractor, Artec Aqua, has entered into agreements with subcontractors who are currently working on site.

Most of the blasting work for the fish-tanks and buildings has been completed, and the masses have been transported out or crushed for reuse.

To reduce risk for accidents going forward, Salmon Evolution aims for a close dialogue with contractors and workers to secure controlled and safe project progression.

The drainpipe for the wastewater has been completed and works with the corresponding tunnelling is on track. Concrete works, including foundations for buildings and tanks, started in September.

The number of workers on site will increase with increased complexity and is expected to peak at around 200 people.

Most of the groundwork and tunneling will be completed by the end of 2020, and construction work through the first quarter 2021 will mainly be on production facilities.

Drainpipe for wastewater installed



Photo: Salmon Evolution

Milestones

In addition to the ongoing groundworks, Phase 1 includes a stepwise construction totalling 12 grow-out tanks with an annual combined capacity of 7,900 tonnes HOG.

The handover of complete grow-out tanks represents important milestones for the project. Handover of the first four tanks is scheduled for

late Q1 2022, while completion of the remaining tanks is scheduled to be finalized late Q4 2022.

Production of the first batches is expected to commence in Q4 2021 with first harvest expected in Q3 2022.

Project financials

When comparing cost estimates for Phase 1 and a fully built out facility efficiency gains in both capex and opex are expected. Capex efficiencies are related to synergies between

Phases (groundwork, reduced mobilization costs, etc.), increased efficiency in assembly, and increased efficiency in planning and executing together with suppliers.

Indre Harøy facility to be built in three Phases with a total annual harvest volume of 31kt HOG

Phase	Description	Capacity	Capex est.	EBIT Cost/kg
Phase 1	<ul style="list-style-type: none"> - Land acquisition - Building of foundations - Construction of 12 grow-out tanks 	~7,900t HOG	NOK 1.2 bn*	NOK 40.8
Phase 2	<ul style="list-style-type: none"> - Construction of additional 12 grow-out tanks 	~7,900t HOG	NOK 1.2 bn**	NOK 38.6
Phase 3	<ul style="list-style-type: none"> - Construction of additional 24 grow-out tanks - Construction of 4 holding tanks - Construction of intake station 	~15,700t HOG	NOK 2.1 bn	NOK 36.1
Total		~31,500t HOG	NOK 4.5 bn	NOK 36.1

*Capex exclusively related to phase 1

** Smolt facility not included

As of 30 September, project costs of NOK 83 million were invoiced, representing 6% of project cost of NOK 1.3 billion.

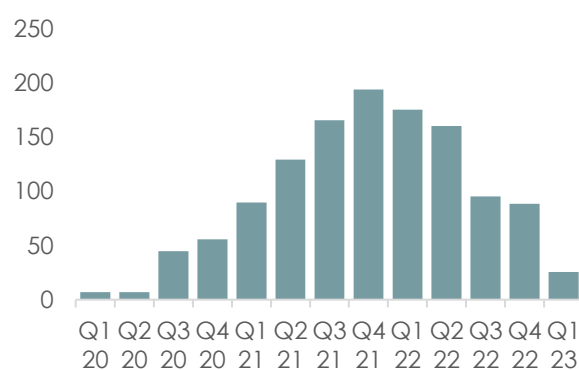
Project invoicing for Phase 1 (NOK million)

Invoiced as per 30.09.20	83	6 %
<i>Distribution</i>		
2019	17	1 %
2020	66	5 %
Remaining invoicing 1 233 94 %		
<i>Distribution</i>		
2020	70	5 %
2021	665	50 %
2022	471	36 %
2023	27	2 %

Source: Company data

According to the invoicing plan the company payments will peak in Q4 2021 and gradually decrease towards completion.

Payment plan for Phase 1 (NOK million)

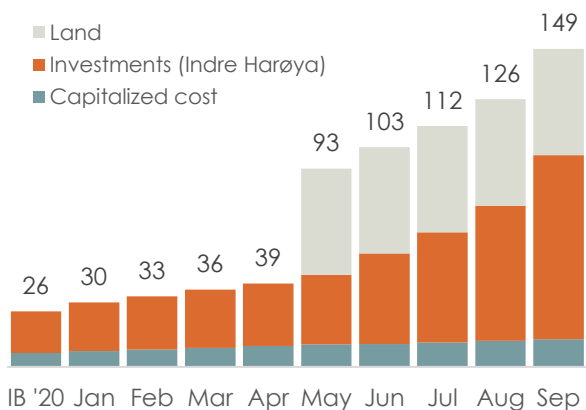


Source: Company data

Capital Expenditures

Total capital expenditures amounted to NOK 43.5 million in the third quarter, of which NOK 41.2 million investments related to the turnkey project with Artec Aqua and NOK 2.3 million capitalized personnel and shared cost.

Accumulated CAPEX YTD 2020 (NOK million)



Source: Company data

Accumulated capex from project initiation in 2019 amounts to NOK 148.5 million.

Salmon Evolution acquired land at Indre Harøy in May, which accounts for 1/3 of the total capex year to date.

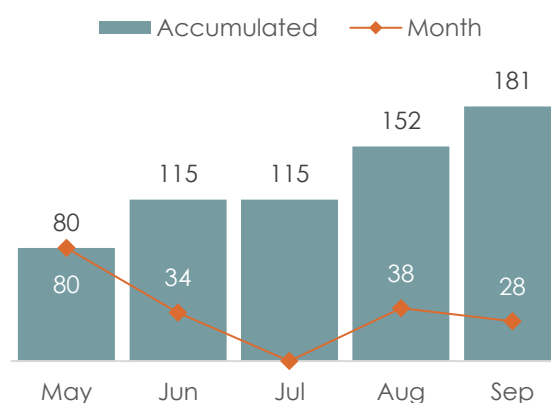
The groundwork also started in May and the investments on Indre Harøy are gradually increasing due with higher workload on site and increased complexity.

Financial obligations

The turnkey project agreement with Artec Aqua includes a clause for financing reservations until further financing is secured. This means that Artec Aqua as main contractor cannot enter agreements with subcontractors until the financial reservation for the specific contract is related.

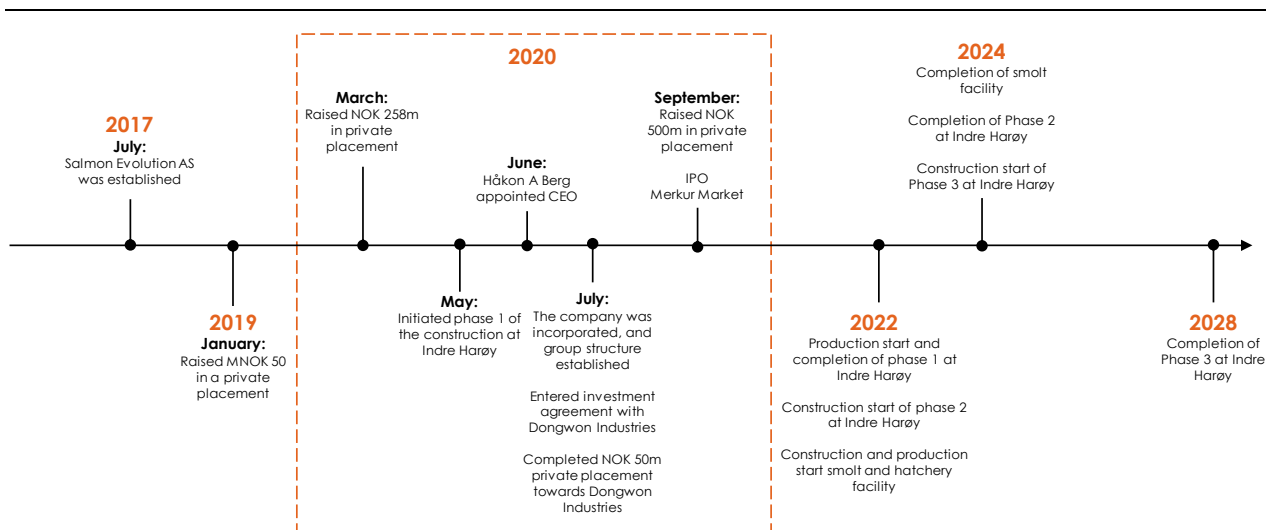
In third quarter the company committed approximately NOK 66 million. These commitments consist of contracts and deliveries such as precast concrete elements, concrete work and fish-tanks.

Financial commitments YTD 2020 (NOK million)



Source: Company data

Project timeline



Source: Salmon Evolution

Funding

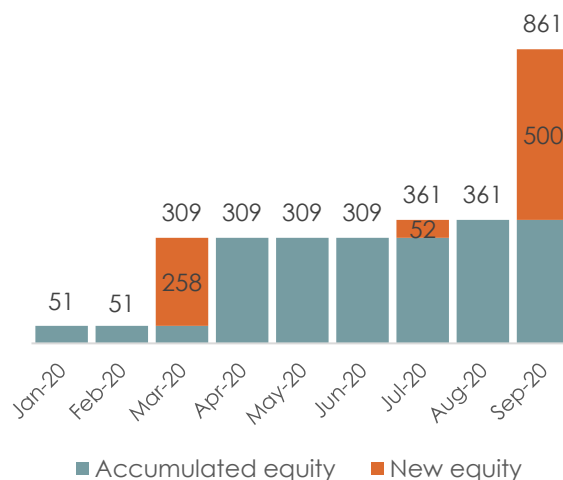
During 2020 the company has secured both equity and debt financing and is continuously seeking to optimize the capital structure.

In March 2020, Salmon Evolution issued 77,503,182 new shares in a Private Placement, increasing equity by NOK 258 million.

In July, the company entered into a partnership agreement with Dongwon Industries, where Dongwon invested NOK 50 million for a minority stake in the company, and in September the company completed a private placement raising NOK 500 million in connection with the listing on Merkur Markets.

The issuance of shares, related to the company's incentive program, has raised an additional NOK 2.0 million. As of 30.09.20, the accumulated equity increases amounted to NOK 861 million.

Development in paid-in equity (NOK million)



Source: Company data

During the third quarter, the company also secured debt financing of NOK 40 million for land acquisition on Indre Harøy.

By the end of the third quarter, Salmon Evolution had available cash and cash equivalents amounting to NOK 708 million.

After successfully materializing the first part of the project, the company plans to strengthen its balance sheet in the first half of the 2021 as part of the overall company and project financing strategy.

In addition, the company is continuously monitoring opportunities to apply for public funding and grants earmarked for early phase companies. (See Subsequent events for additional information).

Other projects - Dongwon JV

Salmon Evolution plans to expand internationally with a medium to long-term target of ~20,000 tonnes. The first international project is expected to be in South Korea. In July 2020, Dongwon invested NOK 50 million to acquire a minority share in Salmon Evolution, and under the terms of the agreement the two partners plan to enter into a partnership for the joint construction of a land-based fish farm in South Korea with Salmon Evolution's technology.

The company works closely with Dongwon to find the best structure for such a project and our

goal is to have the framework formalized in either Q4 2020 or Q1 2021.

The two parties will also jointly consider future opportunities for scaling similar projects in other Asian markets as well as the North American market.

Further the company see potential for additional projects, both outside Indre Harøy and South Korea. We aim to be involved in projects where there are both clear financial differentiators (either advantages in capex, opex or on potential price premiums) and strong ESG arguments.

Financial review

Summary of result

(figures in NOK 1000)	Q3 2020	Q3 2019	YTD 2020	YTD 2019
Total operating income	674	-175	704	-175
Personnel expenses	-4 365	-956	-6 843	-1 489
Depreciations	-64	-63	-212	-90
Other operating expenses	-5 392	-2 276	-9 167	-6 181
Operating profit (EBIT)	-9 147	-3 470	-15 518	-7 936
Financial income	0	0	1	0
Financial expenses	-101	-10	-117	-21
Financial expense - net	-101	-10	-116	-21
Profit/loss before tax	-9 248	-3 480	-15 634	-7 957
Income tax expense	0	0	0	0
Profit/loss for the period	-9 248	-3 480	-15 634	-7 957

Results for the third quarter of 2020

Salmon Evolution had total sales of NOK 0.7 million in the third quarter. The sales were related to one transaction connected to the ongoing construction at the facility at Indre Harøy.

Personnel expenses for the quarter totalled NOK 4.3 million which includes NOK 2.3 million in provisions for the company's incentive program.

Other operating expenses totalled to NOK 5.4 million, whereof NOK 2.0 million relate to reorganization and preparation for listing on Merkur Market. The loss before was NOK 9.2 million in the third quarter.

Results for the first nine months of 2020

Year-to-date total sales amounted to NOK 0.7 million. The results show a profit before tax of NOK -15.6 million.

Personnel expenses summed up to NOK 6.8 million, and other operating expenses to NOK 9.2 million. The increases from last year reflect the higher activity and momentum in the project development.

Total depreciation cost was NOK 0.2 million and net interest NOK 0.1 million, resulting in a loss before tax of NOK 15.6 million.

Note that assets under construction are not depreciated.

Cash flow

Consolidated net cash flow from operating activities was NOK 22.1 million in the third quarter. Cash flow is impacted by a positive change in working capital related to increased trade payable.

Net cash flow from investing activities was a negative NOK 26.3 million during the quarter. Investments are related to increasing activity at the facility at Indre Harøy. Investments will increase gradually as the extent of the project increases going forward.

Cash flow from financing activities during the period was positive by NOK 522.9 million, all proceeds from issuance of new equity during

the period. This includes new equity from the Dongwon-placement of NOK 52 million in July, pre-IPO private placement of NOK 500 million in September, and proceeds from share options amounting to NOK 2 million.

Total net cash flow during quarter was positive NOK 518.6 million. The level of free liquidity at the end of the period is strong, with available cash and cash equivalents totalling NOK 708.8 million.

The cash balance will be strengthened by NOK 40 million in November, through the disbursement of a loan related to a land purchase in May.

Cash flow summary

(figures in NOK 1000)

	Q3 2020	Q3 2019	YTD 2020	YTD 2019
Profit before taxes	-9 248	-3 480	-15 634	-7 957
Net cash flow from operating activities	22 067	-2 981	14 711	-7 299
Net cash flow from investments activities	-26 306	-5 216	-94 551	-10 290
Net cash flow from financing activities	522 886	-49	767 495	49 807
Net change in cash and cash equivalents	518 647	-8 246	687 654	32 218
Cash and cash equivalents at start of period	190 131	40 834	21 124	370
Cash and cash equivalents at end of period	708 778	32 588	708 778	32 588

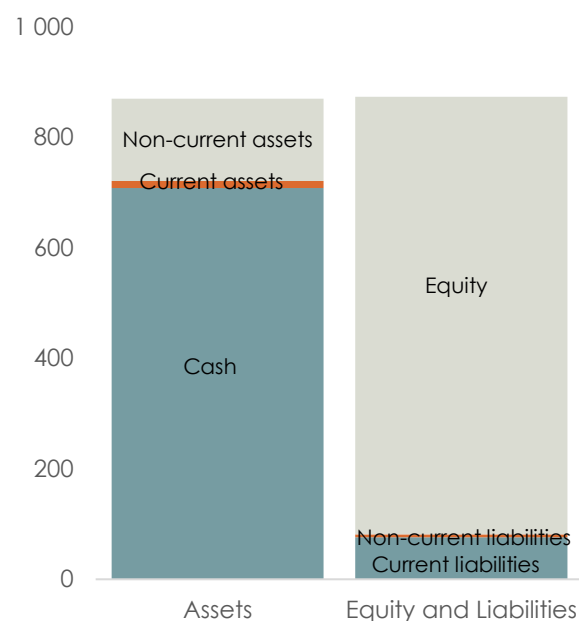
Financial position

The carrying amount of Salmon Evolution's total fixed assets at 30. September was NOK 148.9 million, compared to NOK 26.2 million 31 December 2019. The increase year-to-date is mainly related to the purchase of the land and construction work at Indre Harøy, comprising capitalized costs related to both personnel expenses and construction cost, land acquisition, and some minor amounts in inventory and receivables.

Total equity amounted to NOK 792.5 million, corresponding to an equity ratio of 90%. Consolidated non-interest-bearing liabilities totalled NOK 53.7 million

On 30 September the consolidated interest-bearing debt was NOK 1.5 million. The only lender thus is Innovasjon Norge, with an outstanding loan of NOK 1.5 million maturing on 10 January 2022.

Balance sheet as per 30.09.2020 (NOK million)



Source: Company data

Subsequent events

In November, Salmon Evolution was granted a funding commitment of NOK 96.8 million from the state-owned enterprise Enova SF. The funding support is related to the ongoing construction of Salmon Evolution's fish farm at Indre Harøy. The commitment is a cash grant, and the funding will not require any material additional investment needs from Salmon Evolution.

In October, Salmon Evolution received NOK 14 million in the SkatteFUNN tax incentive scheme. The tax incentive scheme will be distributed over a three year period and is designed to stimulate research and development (R&D).

COVID-19

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

Salmon Evolution strives to follow and implement the local and national advice and recommendations regarding COVID-19. The company has taken necessary measures in all sites and locations to be able to limit the spread of the virus. The company has not registered any infection among its employees.

At the same time, the company works to ensure that the construction work progresses on time and budget.

The construction work currently involves 8 partners and suppliers with more than 40 workers on site. Artec Aqua is responsible contractor for project coordination of all activities, and Salmon Evolution is in continuous close dialogue with the contractor on the status, progress, and actions taken to address and handle the challenges.

To minimize risk of contamination among workers, the work force is organized in teams, with each team operating separately.

The company has further developed extensive contingency plans to address a possible outbreak, including transport and logistics, isolation, and quarantine routines.

Transactions with related parties

During the ordinary course of business, the company engages in certain arm's length transactions with related parties.

Pursuant to the agreement entered with Artec Aqua, Salmon Evolution has had a significant volume of transactions in the third quarter related to the ongoing construction of production facilities at Indre Harøy. Artec Aqua

is a 100%-owned subsidiary of Artec Holding AS, which per 30.09.2020 hold 3.6% of total shares outstanding in Salmon Evolution.

Salmon Evolution has also pursued one material transaction with Vikomar AS relating to the ongoing construction. CEO Kristofer Reiten in Vikomar is also represented as board member in Salmon Evolution

Share information

Salmon Evolution was successfully listed on Merkur Market 19 September 2020. Per 30 September 2020, Salmon Evolution Holding AS had 219.73 million issued shares, divided between 1,163 shareholders. The daily volume the first week averaged 267,373 shares a day.

Ronja Capital is the company's largest shareholder with 24,321,021 shares, corresponding to 11.1% of total number of share outstanding. The 20 largest shareholders own 76.7% of the shares in the company.

20 largest shareholders 30 September 2020

Shareholder	# of shares	% share
Ronja Capital AS	24 321 021	11,1 %
Romsdalsfisk AS	20 256 006	9,2 %
Farvatn Private Equity AS	15 427 212	7,0 %
Rofisk AS	12 107 508	5,5 %
Dongwon Industries	11 627 906	5,3 %
Arctic Funds Plc	10 500 031	4,8 %
Stette Invest AS	10 402 672	4,7 %
Kjølsås Stansekniver AS	9 506 006	4,3 %
Jakob Hatteland Holding AS	8 706 006	4,0 %
Artec Holding AS	7 806 006	3,6 %
Verdipapirfondet Dnb Norge	6 229 425	2,8 %
Verdipapirfondet Norge Selektiv	5 960 309	2,7 %
Klaveness Marine Finance AS	5 700 000	2,6 %
Vpf Dnb Am Norske Aksjer	3 582 209	1,6 %
Arctic Funds Plc	2 996 989	1,4 %
Carucel Holding AS	2 900 000	1,3 %
Stella AS	2 900 000	1,3 %
Salmoserve AS	2 670 751	1,2 %
Verdipapirfondet Delphi Norge	2 620 000	1,2 %
Ocean Supreme AS	2 041 501	0,9 %
Total 20 largest shareholders	168 261 558	76,6 %
Other shareholders	51 469 530	23,4 %
Total number of shares	219 731 088	100,0 %

Market and Outlook

Regulations and restrictions following the COVID-19 outbreak has had severe impact on the economy as a whole and the foodservice sector in particular, challenging the industry in maintaining normal business conditions. Salmon Evolution's highest priority in this situation is to safeguard its employees, suppliers, and other partners, where focus is to follow and implement the local and national advice regarding COVID-19.

The main impact on salmon markets has been a significant drop demand from the HoReCa and foodservice segments. This has to some extent been offset by a shift of volumes towards the retail segments, but not enough to avoid a drop in market prices. According to Kontali Analyse, global supply growth in 2021 will be at 1%. Under normal circumstances such low growth would be supportive for the salmon price. Despite current COVID-19 situation, the Board of Directors thus believes market fundamentals for the salmon industry will be strong medium- to long-term.

The third quarter was eventful for Salmon Evolution, with raising of new capital and listing on Merkur Market, and the continued development of a unique project at Indre Harøy. The project is ground-breaking both for the region and the salmon farming industry, and the Board highly appreciate the efforts from the employees. The company also appreciate the trust from shareholders and other stakeholders.

Demand growth for Atlantic salmon is expected to persist going forward. With current limitations resting on conventional farming, land-based farming solutions are needed to solve the industry's growth challenges, utilising new technologies for sustainable and stable production. It is the board's opinion the Salmon Evolution's project has great potential to produce what the market demands, a fresh, healthy and sustainable premium product. With

a Hybrid Flow Through System, salmon is farmed in a closed environment with minimum impact on the environment, and at the same time providing the best conditions for optimal fish welfare – it is truly a sustainable approach to producing one of the world's best and healthiest protein.

Currently some 80+ projects* for land-based salmon farming are confirmed globally, with communicated ambitions of annual production capacity of some 1.7 million tonnes by 2030 combined. Salmon Evolution see this trend as exciting, but believe many of the current projects will not be realized due to financial constraints or limited access to the right technology and competence.

Salmon Evolution expects global demand of salmon to continue to grow in coming years, and thus see limited risk for the volume contribution from land-based suppliers bringing the salmon market out of balance.

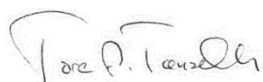
Salmon Evolution has clear ambitions to be among the leading players in this market. The company has concrete expansion plans beyond current project, with medium to long-term target of ~20,000 tonnes. The first international initiative is expected to be in South Korea, were the company has entered a partnership with Dongwon Industries.



Photo: Salmon Evolution

* NorskFisk.no, 2020

The Board of Directors of Salmon Evolution Holding AS
Molde 18 November, 2020



Tore Tønseth
Chair



Kristofer Reiten
Director



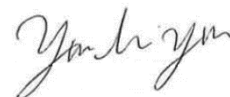
Anne Breiby
Director



Frode Kjølås
Director



Peder Stette
Director



Kiyun Yun
Director



Glen Allan Bradley
Director



Håkon Andre Berg
CEO

Interim financial statements (IFRS)

Statement of Profit and Loss

Summary of result

(figures in NOK 1000)

	Q3 2020	Q3 2019	YTD 2020	YTD 2019
Total operating income	674	-175	704	-175
Personnel expenses	-4 365	-956	-6 843	-1 489
Depreciations	-64	-63	-212	-90
Other operating expenses	-5 392	-2 276	-9 167	-6 181
Operating profit (EBIT)	-9 147	-3 470	-15 518	-7 936
Financial income	0	0	1	0
Financial expenses	-101	-10	-117	-21
Financial expense - net	-101	-10	-116	-21
Profit/loss before tax	-9 248	-3 480	-15 634	-7 957
Income tax expense	0	0	0	0
Profit/loss for the period	-9 248	-3 480	-15 634	-7 957

Statements of financial position

(figures in NOK 1000)	30 Sep 2020	30 Sep 2019	31 Dec 2019
Assets			
Assets under construction	148 037	10 838	25 546
Property, plant & equipment	453	427	352
Right-of-use assets	833	821	712
Total non-current assets	149 323	12 086	26 610
Other current receivables	12 433	1 678	2 749
Cash and cash equivalents	708 778	32 588	21 124
Total current assets	721 211	34 266	23 873
Total assets	870 534	46 352	50 483
Equity and liabilities			
Share capital	10 987	1 500	1 500
Share premium	850 097	49 500	49 500
Other reserves	2 527	0	780
Other equity	-41 938	0	0
Uncovered losses	-29 215	-10 269	-13 581
Total equity	792 458	40 731	38 198
Long-term interest bearing debt	1 500	1 500	1 500
Lease liabilities - long term	525	328	227
Total non-current liabilities	2 025	1 828	1 727
Trade payables	74 373	2 574	8 401
Social security and other taxes	544	405	799
Lease liabilities - short term	245	390	394
Other current liabilities	890	424	963
Total current liabilities	76 052	3 793	10 557
Total liabilities	78 077	5 620	12 285
Total equity and liabilities	870 534	46 352	50 483

Statement of cash flow

(figures in NOK 1000)	Q3 2020	Q3 2019	YTD 2020	YTD 2019
Cash flow from operations				
Profit before income taxes	-9 248	-3 480	-15 634	-7 957
Adjustments for:				
Depreciation	64	63	212	90
Net interest	101	10	116	21
Share based payment expenses	2 267	0	2 267	0
Gain on lease modification	-7	0	-7	0
Changes in working capital:				
Change in other current receivables	-8 409	-141	-9 684	-978
Change in trade payables	37 601	301	37 884	2 407
Change in social security and other taxes	-124	-44	-255	336
Change in other current liabilities	-77	321	-73	-1 198
Cash generated from operations	22 168	-2 970	14 827	-7 278
Interest paid	-101	-10	-117	-21
Interest received	0	0	1	0
Net cash flow from operations	22 067	-2 981	14 711	-7 299
Cash flow from investment activities				
Purchase of fixed assets & other capitalizations	-26 306	-5 216	-94 551	-10 290
Net cash flow from investment activities	-26 306	-5 216	-94 551	-10 290
Cash flow from financing activities				
Repayment of lease liabilities	-37	-49	-131	-193
Proceeds from issuance of equity	522 923	0	767 626	50 000
Net cash flow from financing activities	522 886	-49	767 495	49 807
Net change in cash and cash equivalents	518 647	-8 246	687 654	32 218
Cash and cash equ. at the beginning of the period	190 131	40 834	21 124	370
Cash and cash equ. at the end of the period	708 778	32 588	708 778	32 588

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 2019	1 000	0	0	0	-2 312	-1 312
Profit/loss for the period	0	0	0	0	-7 957	-7 957
Other comprehensive income	0	0	0	0	0	0
Total comprehensive income	0	0	0	0	-7 957	-7 957
Capital increase	500	49 500	0	0	0	50 000
Transactions with owners	500	49 500	0	0	0	50 000
Balance at 30 September 2019	1 500	49 500	0	0	-10 269	40 731
Balance at 1 January 2020	1 500	49 500	780	0	-13 581	38 198
Profit/loss for the period	0	0	0	0	-15 634	-15 634
Other comprehensive income	0	0	0	0	0	0
Total comprehensive income	0	0	0	0	-15 634	-15 634
Capital increase	9 457	798 629	0	-42 458	0	765 628
Share options issued	0	0	2 267	0	0	2 267
Share options exercised	30	1 968	-520	520	0	1 998
Transactions with owners	9 487	800 597	1 747	-41 938	0	769 893
Balance at 30 September 2020	10 987	850 097	2 527	-41 938	-29 215	792 458

Selected notes to the quarterly financial statements

Note 1 – Summary of significant accounting policies

General information

Salmon Evolution Holding AS and its subsidiary, Salmon Evolution AS, (together "SE" or "the Group") is a Norwegian business headquartered at Indre Harøy in Møre and Romsdal. SE is building a land-based salmon farming facility with a planned annual production of 30.775t HOG. The build-out is expected to be in three phases, with the first phase expected to consist of build out of land acquisition, building of foundation, water pumps supporting all three phases and build

out of 12 grow out tanks and hatchery. SE will operate a flow through system ("FTS-R"), replacing the water every four hours with clear and fresh water from the Norwegian coast.

These interim financial statements were approved by the Board of Directors for issue on 19 November 2020.

These interim financial statements have not been audited.

Consolidation

Salmon Evolution Holding AS was incorporated on 23 July 2020 prior to the planned listing on Merkur Market which was completed on 18 September 2020. These condensed consolidated statements for the period ended 30. September 2020 include Salmon Evolution

Holding together with its subsidiary Salmon Evolution AS (together "SE" or "the Group"). Please note that the comparable previous periods financial statement periods (YTD 2019 and Q3 2019) only reflect Salmon Evolution AS.

Consolidation principles

Subsidiaries are all entities over which the Group has control. The Group considers control over an entity to exist when the Group is exposed to, or has the right to, variable returns from its involvement with the entity and can affect those returns through its ability to direct the operations of the entity. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. The accompanying consolidated financial statements include the accounts of Salmon Evolution AS. When necessary, adjustments are made to the local financial statements of the Group subsidiaries to conform with the consolidated Group's

accounting policies presented under IFRS. All intercompany balances, transactions, and unrealized gains from intercompany transactions are eliminated upon consolidation. Unrealized losses from intercompany transactions are also eliminated upon consolidation unless the transaction provides evidence of an impairment of the transferred asset. The assets, liabilities, income, and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date in which the Group gains control until the date in which the Group ceases to control the subsidiary.

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 2019, 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 principles

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.

Note 2 – Property, plant and equipment

(figures in NOK 1000)	Assets under construction	Fixtures and fittings	Total
Cost 1 January 2020	25 546	450	25 997
Additions	122 491	148	122 639
Disposals	0	0	0
Cost 30 September 2020	148 037	598	148 636
Accumulated depreciation 1 January 2020	0	-99	-99
Depreciation for the period	0	-46	-46
Net book value 30 September 2020	148 037	453	148 490

(figures in NOK 1000)	Assets under construction	Fixtures and fittings	Total
Cost 1 January 2019	975	0	975
Additions	9 863	427	10 290
Disposals	0	0	0
Cost 30 September 2019	10 838	427	11 265
Accumulated depreciation 1 January 2019	0	0	0
Depreciation for the period	0	0	0
Net book value 30 September 2019	10 838	427	11 265

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

Contractual and financial commitments

The company is in the process of building a land-based salmon farming facility at Indre Harøy. The turnkey project agreement includes a clause for financing reservations until further financing is secured, limiting the

or placed in service. As such, assets under construction are not depreciated. Assets under construction per 30 September 2020 consisted mainly of capitalised costs related to the turnkey project with Artec Aqua at Indre Harøy.

Group's financial commitments to the following items where the financing reservation has been lifted as of 30 September 2020:

(figures in NOK 1000)	30 Sep 2020
Ground enterprise contract	11 608
Fish handling and transport	3 345
Concrete element	21 167
Fishing tanks	21 953
Total financial commitments	58 073

Note 3 – Share capital and capital history

(figures in NOK 1000)	Date	Capital Increase	Share Capital After Change	Par Value (NOK)	Subscription price	New shares	Total no. of outstanding
Opening balance 1 July 2020				0,05			107 503 182
Share options exercised	10 July 2020	5 405 159	5 405 159	0,05	3,33	600 000	108 103 182
Private placement	23 July 2020	581 395	5 986 554	0,05	4,3	11 627 906	119 731 088
Private placement	11 September	5 000 000	10 986 554	0,05	5	100 000 000	219 731 088

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

The Company raised NOK 500 million in a private placement in connection with its initial public offering related to the admission on Merkur Market in September 2020.

ABOUT SALMON EVOLUTION

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

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

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

SALMON
EVOLUTION®

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BOARD OF DIRECTORS

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Kristofer Reiten
Board Member

Anne Breiby
Board Member

Frode Kjølås
Board Member

Peder Stette
Board Member

Glen Allan Bradley
Board Member

Kiyun Yun
Board Member

MANAGEMENT

Håkon Andre Berg
CEO

Ingjarl Skarvøy
COO

Trond Valderhaug
CCO

Kamilla Mordal Holo
Project Director

Hans Petter Mortveit
Finance Manager

