



Extending the ocean potential

Q3 2022

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 – first production targeted in 2024
- Launched North America expansion plan and established team of dedicated resources
- On track for ~25,000 tonnes capacity by 2024, clear roadmap for 100,000 tonnes by 2032
- Listed on Oslo Stock Exchange main list from July 2021

SALMON EVOLUTION IS AIMING TO BE THE GLOBAL LEADER IN LAND-BASED SALMON FARMING

Salmon Evolution in a nutshell

<p>1</p> <p>Biology is our most important consideration</p>  <p><i>Our technology captures the benefits of both land-based and sea-based farming</i></p>	<p>2</p> <p>Born in Norway – the cradle of salmon farming</p>  <p><i>There is much to learn, even though we have decades of experience</i></p>	<p>3</p> <p>International expansion with strong local partners</p>  <p><i>We don't go solo on our first projects overseas</i></p>	<p>4</p> <p>First-mover aiming for technology leadership</p>  <p><i>Developing superior cost position & opportunities to capitalize on technology</i></p>	<p>5</p> <p>Premium position based on quality & ESG</p>  <p><i>Committed to quality & sustainability</i></p>
<p>Conservative approach in a disruptive industry</p>			<p>Long-term competitive advantage & profitability</p>	

Highlights in the quarter

- Proof of concept – continued strong biological performance for batch 1 with average weight end of quarter at 3.3 kg and 4.7 kg as per 15 November. Carried out extensive quality testing confirming good filet quality and excellent taste
- Batch 2 continuing to demonstrate excellent biological performance
- International expansion plan proceeding according to plan, both in South Korea and North America
- Indre Harøy phase 2 preparations continuing – monitoring market development and targeting cost savings
- Available liquidity of NOK 645 million per 30 September 2022 including committed undrawn credit facilities

Subsequent events

- First harvest of batch 1 successfully completed early November with the remainder of batch 1 to be harvested during Q4 – expected average harvest weight of around 4 kg HOG for the batch as a whole
- Continuing production ramp up with new successful smolt release – about 200,000 smolt with an average weight of 220 grams stocked late October
- Håkon André Berg stepped down as CEO for personal reasons – CFO Trond Håkon Schaug-Pettersen appointed Interim CEO

Key figures

(figures in NOK 1000)	Q3 22	Q3 21	YTD 22	YTD 21	2021
IFRS main figures					
Operating Revenues	-223	12,251	19,273	12,251	12,257
EBITDA*	-20,750	-4,028	-45,850	-24,013	-35,612
EBIT	-16,096	-4,671	-41,059	-25,423	-37,841
Profit / (loss) before taxes	-14,187	-5,627	-26,235	-21,201	-26,444
Cash flow from investment activities	-78,550	-324,823	-611,702	-544,403	-754,553
Cash flow from financing activities	31,988	56,161	578,092	531,151	679,668
Net cash flow	-68,045	-291,100	-48,424	-71,053	-142,261
Cash and cash equivalents	457,120	576,753	457,120	576,753	505,545
Net Interest-bearing liabilities	54,580	-495,174			
Total assets	2,281,004	1,491,326			
Equity	1,570,208	1,258,907			
Equity ratio	69 %	84 %			

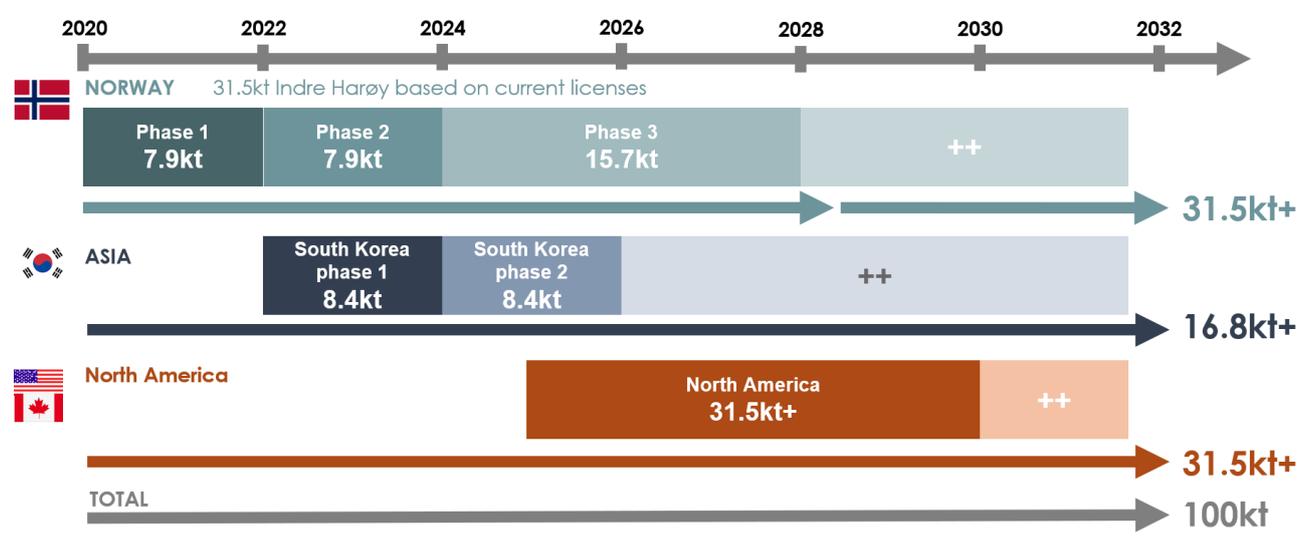
*Before fair value adjustment related to biological assets

Roadmap to 100,000 tonnes in 2032

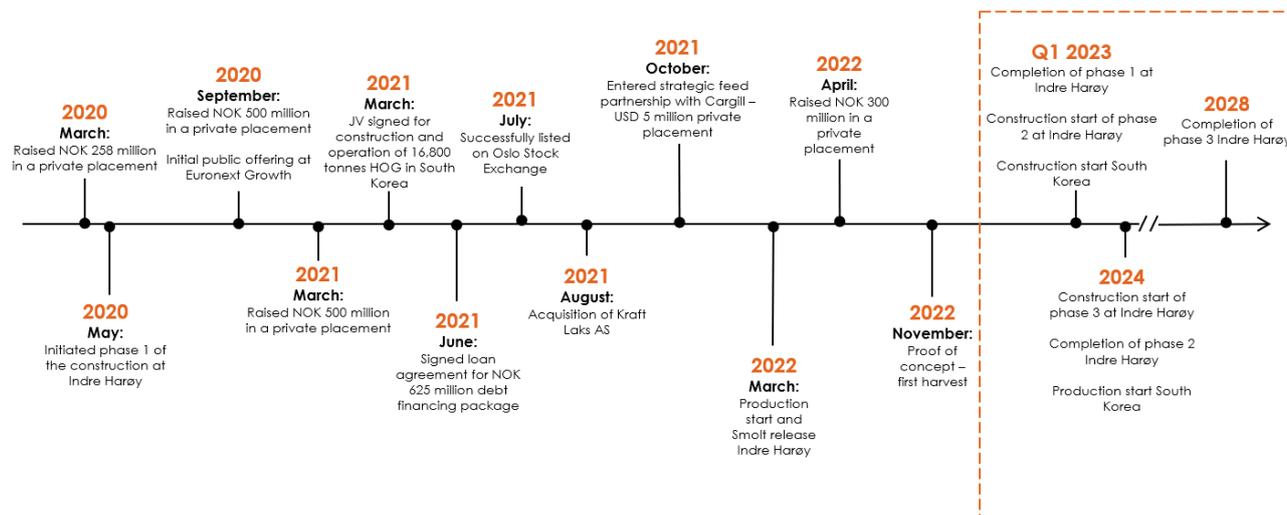
Salmon Evolution targets a leading position in the production of sustainable high-quality salmon from land-based facilities. In addition to its 31,500 tonnes project in Norway, the Company is expanding internationally through a JV in South Korea. Furthermore, the Company has initiated an expansion plan into North America. Through utilisation of technology,

competence and experience from domestic projects, Salmon Evolution aims to develop projects in targeted growth markets in collaboration with local partners. The Company has a clear road map towards 100,000 tonnes production capacity by 2032 and is on track for ~25,000 tonnes by 2024.

Roadmap towards +70kt HOG annual harvest



Key Company milestones



Source: Salmon Evolution

Important events

Ramping up production

On 13 July Salmon Evolution released its second smolt batch at Indre Harøy consisting of around 230,000 smolt with an average weight of around 125 grams. This went according to plan, building on the experiences obtained in connection with the first smolt release, enabling a steeper ramp-up in feeding levels.

Furthermore, on 27 October Salmon Evolution also released its third smolt batch at Indre Harøy, this time consisting of about 200,000 smolt with an average weight of around 220 grams. This operation also went according to plan and the fish has adapted well to its new environment and is showing good appetite.

Start of batch 1 harvesting

On 7 November Salmon Evolution started harvesting of batch 1 and thereby reaching a major milestone. Around 30,000 fish was successfully harvested with very good quality parameters and a superior share of ~94%.

Feeding for the remaining batch 1 individuals are continuing and the Company expects to

fully harvest out batch 1 during the fourth quarter. Average harvest weight for batch 1 as a whole is expected to be around 4 kg HOG.

The first harvest was sold to a selected mix of customers, both in Norway and abroad, and feedback as to the quality of the fish has been very positive.

Filets from first harvest (November 2022)



Photo: Salmon Evolution

Norway

Operations

Following a little over seven months of operation at our Indre Harøy grow out facility, we have now successfully started harvesting of batch 1 which is a major milestone.

Batch 1 was stocked late March at around 300 grams and as of 15 November the fish has reached an average weight of around 4.7 kg, validating the assumptions in our production plan.

During the quarter another important milestone was reached when batch 1 was successfully split into two tanks. Accordingly, Q3 growth figures are impacted by about 1 week of lost feeding relating customary starvation prior to transfer.

In early November the Company started the harvesting of batch 1 with approximately 30,000 fish harvested. The fish was taken out of the tank using our highly automated fish logistics system and delivered to a live fish carrier which transported the fish in live condition to our nearby processing partner Vikenco. The process went according to plan with minimal registered mortality and overall good fish welfare throughout the process.

The remainder of batch 1 is planned harvested during the fourth quarter and the Company expects an average harvest weight of around 4 kg HOG for batch 1 as a whole.

On 13 July Salmon Evolution also released its second smolt batch at Indre Harøy consisting of around 230,000 smolt with an average weight of around 125 grams. This went according to plan, building on the experiences obtained in connection with the first smolt release, enabling a steeper ramp-up in feeding levels.

Batch 2 is continuing to demonstrate excellent biological performance with growth rates exceeding what seen for batch 1, clearly demonstrating the upside potential in our operation as we obtain more and more knowledge about how to best operate the system.

As per 30 September batch 2 had an average weight of 710 grams and as of 15 November the fish had already reached 1.2 kg, continuing to exceed our expectations.

Group biomass development							
Batch	30 September 2022			15 November 2022			Comments
	Units (#)	Weight (g)	Biomass (tonnes)	Units (#)	Weight (g)	Biomass (tonnes)	
Batch #1	~98,000	~3,315	325	~66,000	~4,700	310	~30,000 salmon harvested early November
Batch #2	~230,000	~710	163	~230,000	~1,200	276	Stable conditions. Strong appetite and very low mortality.
Batch #3				~200,000	~270	54	Feeding commenced according to plan
Total Indre Harøy	~328,000	~1,490	488	~496,000	~1,290	640	
Smolt	~2,120,000	~65	137	~1,925,000	~73	140	External customer contract completed in Q2 2022
Total Group	~2,448,000		625	~2,421,000		780	

The Company expects to shortly put the entire fish logistics and grading system into operation, enabling automatic grading of the fish based

on size during transfer between tanks. The Company firmly believes that having the ability to efficiently grade the fish during transfer is

essential in terms of maximizing the volume potential of the farm.

Furthermore, the Company continued the production ramp-up post quarter with an additional ~200,000 smolt stocked late October at an average weight of around 220 grams, successfully completing our third smolt release so far in 2022.

The fourth smolt release is expected to take place in December, with a planned volume of around 280,000 smolt which is in line with our steady state smolt release volume. For 2023 and onwards the Company expect to release smolt every second month, each consisting of around 280,000 individuals.

Conditions throughout the farm have also remained stable and the Company continues to see low mortality levels, also at higher densities. Salmon Evolution has over the last months also carried out extensive testing of the fish with very positive results as to quality and taste, confirming overall good fish health and fish welfare in our system.

It is worth pointing out that operations are still in an early stage and there is a continuous focus on tuning the systems to optimize the biological performance while at the same time reducing risk to a minimum. This will from time to time require pauses in feeding which should be taken into account when evaluating the biological performance.

First harvest ready for shipment (November 2022)



Photo: Salmon Evolution

Project status - Indre Harøy phase 1

Salmon Evolution expects phase 1 to be completed by Q1 2023. All buildings and structural facilities are now completed and the construction work during and post the third quarter has been centred around installation of equipment, piping, system integration and commissioning.

As per today there are fish in 4 of the tanks with the next 2 tanks planned taken into operation

shortly. The remaining tanks are planned taken into operation over the coming months allowing for stocking of new smolt batches and transfer of existing batches into new tanks.

The fish entire logistics and grading system, a critical part of the facility, is expected to be put into operation shortly.

Indre Harøy phase 1 (August 2022)



Photo: Salmon Evolution

Project financials Indre Harøy phase 1

As pointed out in the 2Q 2022 report, the Company has over the last months been experiencing somewhat lower productivity on the construction site. The lowered productivity is a function of a higher degree of complexity during the ongoing system integration processes and commissioning phase as well as supply shortages on relevant personnel in some areas.

Furthermore, as the project is nearing completion and many of the sub-supplier contracts now being subject to final settlement, the Company is seeing a higher than expected level of variation orders, which again is likely to have an impact on the project cost.

Accordingly, Salmon Evolution together with our contractor Artec Aqua has over the last month carried out a thorough review of the project cost. On this basis, the Company has revised its full phase 1 capex to NOK 1,560–1,590 million¹⁾. The extra costs can to a large extent be characterized as one-off “prototype costs” benefitting the next building phases both at Indre Harøy and abroad and enabling cost effective execution of future projects.

Capex during the second quarter amounted to NOK 121 million. In addition, NOK 11 million of

internal G&A including construction loan interest were capitalized.

As per 30 September 2022, accumulated capex from project initiation in 2019 amounted to NOK 1,475 million. In addition, accumulated capitalized G&A amounted to NOK 85 million (including capitalized finance costs).

Capex overview Indre Harøy Phase 1¹⁾

	NOKm	%
Incurred per 30.09.22	1475	92 %
<i>Distribution</i>		
2019	19	1 %
2020	177	11 %
2021	723	45 %
2022	555	35 %

Source: Company data

1) Net of grants directly tied to capital expenditure and exclusive of internal capitalized G&A costs.

As per 30 September 2022, the remaining capex is estimated to NOK 85-115 million of which the majority is expected during the fourth quarter.

Indre Harøy phase 2

The preparatory activities for phase 2 have continued throughout the quarter with focus on implementing learning effects from phase 1, identifying savings and scaling effects from phase 1, defining a cooperation model designed at further optimizing the project management and develop a cost budget for phase 2.

This preparatory phase is still ongoing, and the Company continues to see areas of improvement, both in terms of cost and quality.

Salmon Evolution is still seeing inflation pressure on the raw material intensive part of the project, but notes that there continues to be significant uncertainty in the market. Although many raw material prices have been trending downwards in recent months, there are long lead times for prices to pass through the value chain. At the same time an increasing number of construction projects are put on hold, which ultimately may have a dampening effect on the inflation pressure.

Indre Harøy phase 2 illustration

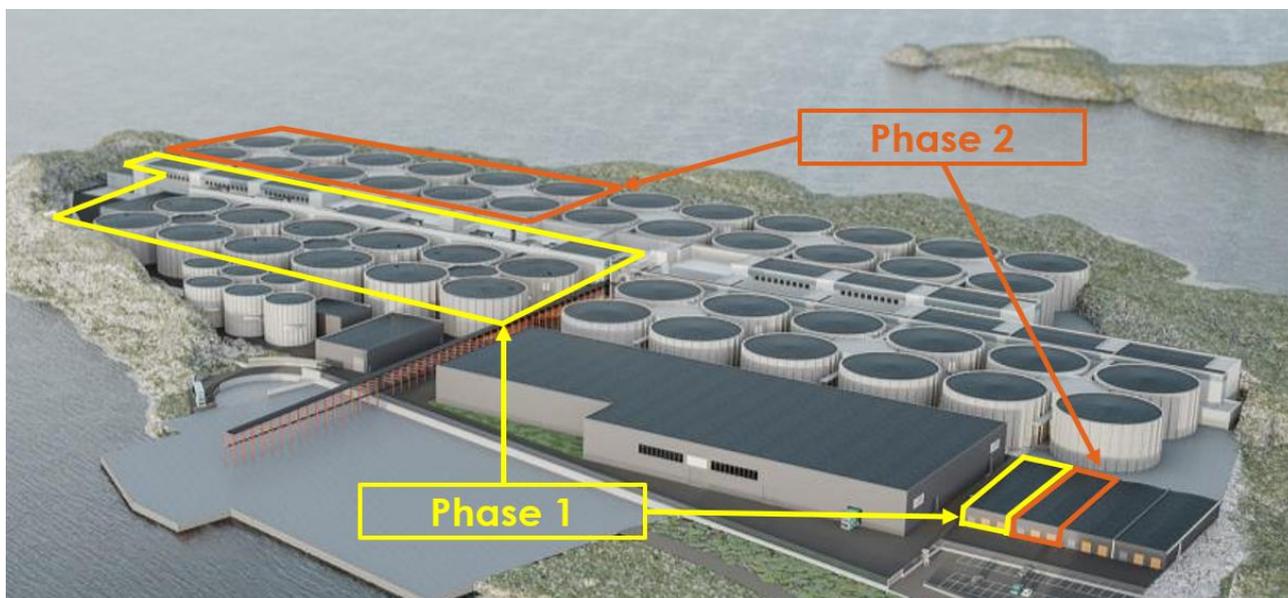


Illustration: Salmon Evolution

Salmon Evolution has made no contractual commitments as to phase 2, although the plan is to commence phase 2 in continuation to the completion of phase 1, currently expected in Q1 2023. This gives the Company adequate time to continue to monitor the general market development, obtain additional operational track record from phase 1 and chase further phase 2 cost savings.

The Company has also completed the blasting works for the water intake station for both phase 2 and phase 3. The process went according to plan and gave valuable experience as to conducting heavy construction works while at the same time operating the phase 1 facility. The completion of this was also enabled by having the relevant personnel and equipment already on site, resulting in a cost-efficient operation.

Phase 2 preparatory activities are moderate from a financial perspective, but nevertheless even more important in today's market climate. Upon a final investment decision, the Company intends to structure the projects in a similar way as for phase 1, with financing reservations for the various subcontractors. Finally, if and when phase 2 is formally initiated, the first 6-9 months are relatively capex light.

As part of the phase 2 project Salmon Evolution is also developing an expansion plan for our smolt facility so that this also can serve the smolt needs for phase 2. This project is ongoing but as it is interlinked with our Indre Harøy phase 2 project, no investment decision will be taken before we formally decide to initiate phase 2 construction at Indre Harøy.

Phase 2 preparations – blasting work for future water intake stations completed (October 2022)



Photo: Salmon Evolution

Indre Harøy (August 2022)



Photo: Salmon Evolution

Korea

Introduction to K Smart

The Company 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 combined.

Under the terms of the Joint Venture agreement, Dongwon Industries will facilitate 75% debt financing for K-Smart's phase 1 and Salmon Evolution's total equity contribution for 49% ownership is estimated to about NOK 200 million on a fully funded basis. Phase 2 of the project is planned financed through a combination of bank debt and retained earnings from ongoing operations.

Salmon Evolution's equity contribution is split into milestone driven tranches, reflecting the overall progress of the project. Salmon Evolution executed its first tranche of NOK ~27 million in May 2021.

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.



Yangyang on-growing site

The acquired smolt facility is based in Jeongseon and has had local production of trout for many years.



Jeongseon smolt site

As part of the collaborations, the parties will cooperate to establish branding and marketing of premium, land-based Atlantic salmon from K Smart and Salmon Evolution in the Korean market. K Smart will be responsible for all development-costs and investments related to this project.

The Joint Venture agreement also contains a comprehensive set of corporate governance principles, aimed at serving as a solid foundation for a long-term partnership between Salmon Evolution and Dongwon.

Project status

During the third quarter focus was centred around design and engineering activities in cooperation with Billund Aquaculture as design partner.

Salmon Evolution now have 4 FTEs based in Korea and K Smart has established an organization located in the Dongwon head office in Seoul.

Significant progress was made on the smolt facility which now has reached a design completion level of around 60%. The construction work for the smolt site is expected to commence during Q1 2023.

Design work for the grow-out facility in Yangyang is ongoing but going forward, and as the design of the smolt facility is nearing completion, an increasing level of design resources will be allocated to the grow-out facility where construction start is targeted mid 2023.

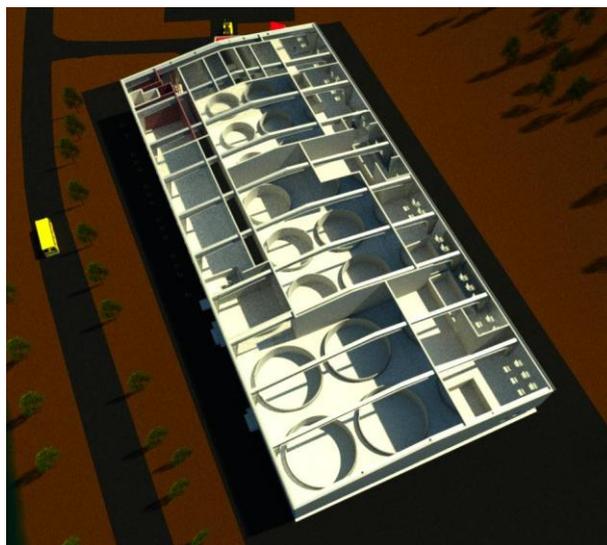


Illustration upgraded smolt facility

K Smart is also working actively with the permitting processes and significant resources have been devoted to document the environmental effect of the project. The company is continuing to experience strong support from both local, regional and national stakeholders and expect clarification on several key permits over the coming months.

Illustration grow-out facility



Illustration: Salmon Evolution

North America

Salmon Evolution has initiated a process with the aim of expanding its farming operations into North America and at the same time raising its production capacity target to 100,000 tonnes HOG by 2032.

Salmon Evolution is currently evaluating selected identified potential production sites in North America. As part of the site verification processes which include fatal flaws analyses of both water, biological, technical and regulatory aspects, the Company is currently in dialogue with various stakeholders, both public and private. The Company expects to use the next quarters for such site selection and initial site verifications.

It is expected that the 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 in both Norway and Korea.

To facilitate this expansion, the Company has established a dedicated team of both in-house and external resources. Additionally, the Company has incorporated a US corporate structure under its full ownership.

The Company'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.

Sales and marketing

On 7 November Salmon Evolution started harvesting of batch 1 and thereby reaching a major milestone. Over the last quarters the Company has intensified its commercial focus and built a commercial organization now totalling 5 employees and led by our CCO Odd Frode Roaldsnes. Mr. Roaldsnes has almost two decades of experience from the salmon industry and formerly held the position as partner and sales director at Norwegian salmon exporter Ocean Supreme.

The first harvest was sold to a selected mix of customers, both in Norway and abroad, and feedback as to the quality of the fish has been very positive. The company is already in the process of planning the next harvests and the

rest of batch 1 is planned harvested during the fourth quarter. Harvest volumes from batch 1 will offer our customers a unique opportunity to verify the product quality ahead of the planned ramp-up in harvest volumes for 2023, starting with batch 2 during the spring.

The Company has an agreement for slaughter services with Vikenco, one of the leading salmon processors in Norway. Vikenco is located only 10 km from Indre Harøy, facilitating cost effective logistics and gentle handling of the fish. Moreover, the agreement with Vikenco ensures that Salmon Evolution will benefit from industry scale slaughter costs from day one, rather than building internal slaughter capacity at a suboptimal scale.

Indre Harøy Batch 1 filet quality (August 2022)



Photo: Salmon Evolution

Funding

Since 2020 the Company has secured both equity and debt financing on several occasions and Salmon Evolution is continuously seeking to optimize its capital structure.

In March 2021, the Company 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 Company also carried out a private placement of USD 5m (NOK ~43m) towards Cargill.

Further, in April 2022 the Company carried out a private placement raising gross proceeds of NOK 300 million at a subscription price of NOK

9.00 per share, bringing total raised equity to more than NOK 1.7 billion.

Development in paid-in equity (NOK million)



Source: Company data.

Funding Indre Harøy Phase 1

On 29 June 2021, the Company announced the signing of legally binding loan documentation for a senior secured debt financing package of up to NOK 625 million related to the Phase 1 build out at Indre Harøy.

The debt financing package consists of the following credit facilities:

- NOK 525 million senior secured credit facility with Nordea and Sparebanken Vest which will be used to finance construction capex for Indre Harøy Phase 1 (the "Construction Facility")
- NOK 525 million in long-term debt which will refinance the Construction Facility upon completion of Indre Harøy Phase 1 and consisting of the following:

- NOK 385 million senior secured term loan facility with Nordea and Sparebanken Vest (the "Term Loan Facility")
- NOK 140 million in a separate long-term loan facility with Innovation Norway (the "IN Facility")

- NOK 100 million senior secured overdraft facility with Nordea (the "Overdraft Facility") which will be used for working capital purposes, hereunder financing of biomass and receivables

The Construction Facility and the Term Loan Facility are partly guaranteed by Eksfin.

As per 30 September 2022, NOK 465 million was drawn under the Construction Facility, leaving NOK 60 million undrawn. In addition, the Company has drawn NOK 10 million of the Overdraft Facility.

Funding Indre Harøy Phase 2

In February 2022 Salmon Evolution announced that it had entered into a Heads of Terms with Artec Aqua relating to the phase 2 build out at Indre Harøy. The purpose of the agreement is to enable Salmon Evolution to be in a position to swiftly commence construction of phase 2 following the completion of phase 1. Such timeline requires significant preparatory activities, including but not limited to, planning,

concept and detailed engineering and structuring of subcontractor tender processes.

Although no investment decision has been made as to phase 2, the NOK 300 million private placement completed in April will partly be used to fund phase 2 including the pre-construction phase. If realized, financing of phase 2 is also expected to include significant levels of debt financing.

Funding K Smart Farming

The agreed funding structure of K Smart Farming is 25% equity and 75% debt, where Dongwon Industries is to facilitate debt financing at attractive cost levels (phase 1).

Salmon Evolution's total equity contribution into K Smart is estimated to about NOK 200 million on a fully funded basis, including phase 2. The equity contribution is split in three milestone driven tranches where the Company executed its first tranche of NOK ~27 million in Q2 2021.

Funding Salmon Evolution Dale

At the date of the acquisition, Dale (formerly called Kraft Laks AS) had a net cash position with very limited financial debt. The NOK 35 million cash component of the purchase price was funded by cash at hand.

In December the Company announced that it had signed binding agreements for a debt financing package of NOK 52 million in relation to Salmon Evolution Dale. The Company deems the bank debt to be at favourable commercial

terms, reflecting the solid operational and financial track record of Salmon Evolution Dale.

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
- Refinancing of existing NOK 25 million seller's credit with previous owners

As part of the Indre Harøy phase 2 build out, the Company plans to expand the capacity at Salmon Evolution Dale, into which parts of the April 2022 private placement proceeds is planned allocated. In such scenario further debt financing of Salmon Evolution Dale is expected.

As per 30 September 2022 about NOK 14m of the NOK 52m debt financing package was drawn.

Salmon from quality testing (August 2022)

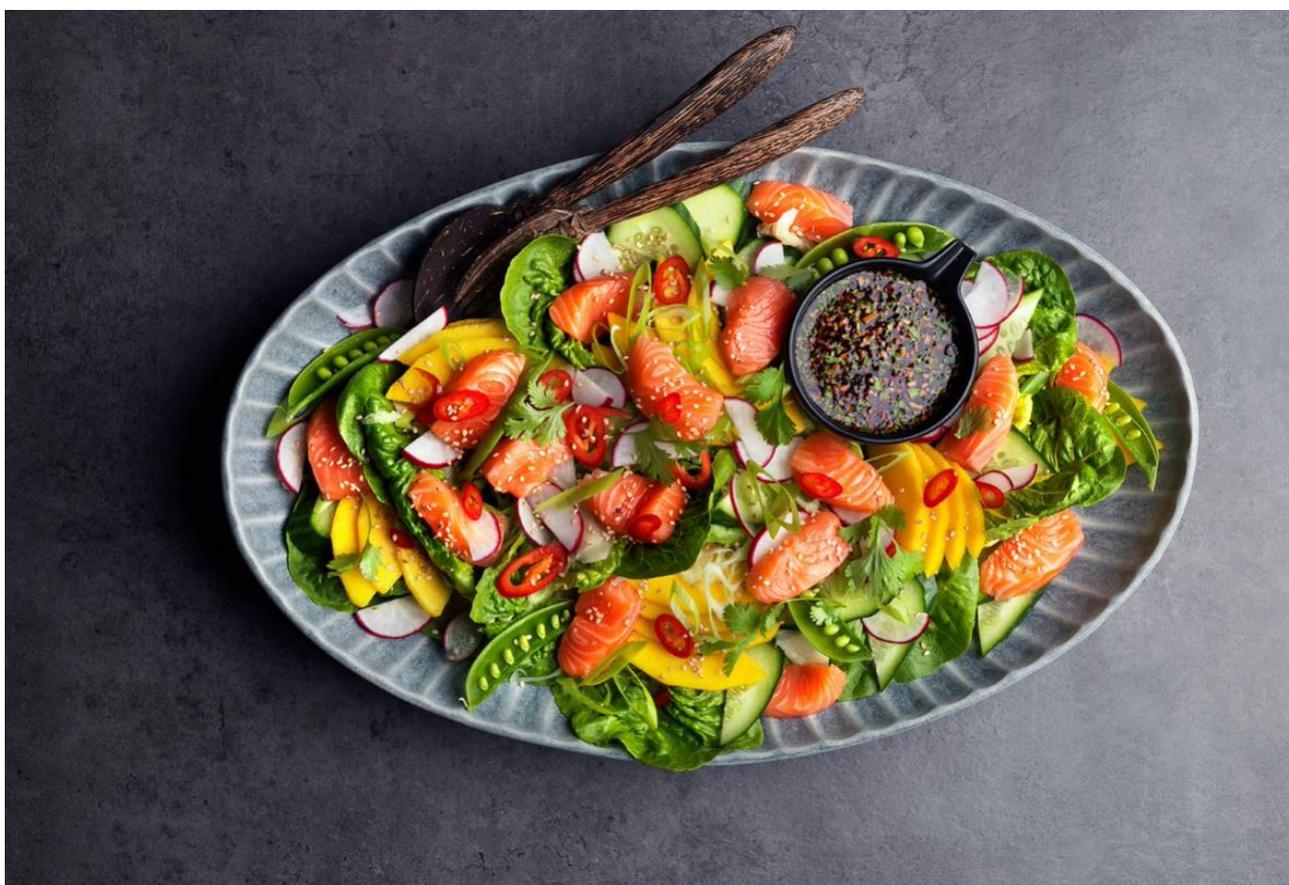


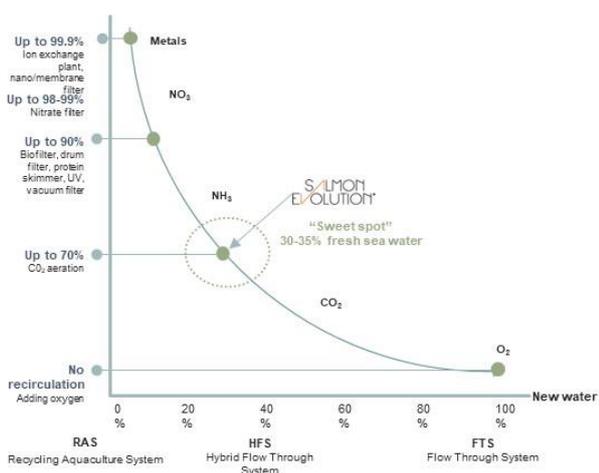
Photo: Salmon Evolution

Extending the ocean potential

Our Technology – Hybrid flow through system (HFS)

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

Salmon Evolution's chosen hybrid flow-through system (HFS) technology ensures rich access of fresh filtered seawater while at the same time reducing energy consumption by reusing around 65% of the water.



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

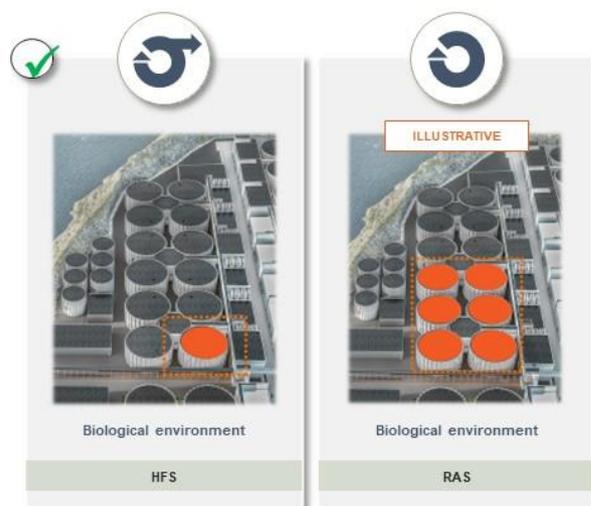
At Indre Harøy the seawater intake is based on two inlet pipes at 25 meters and 95 meters, respectively, enabling the Company to tap into

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

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

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

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



As part of Salmon Evolution commitment to a truly sustainable production and circular economy, waste is filtered and collected, before being transported to a recirculation plant where it is converted into fertilizer, biogas or similar.

Financial review

Summary of result

(figures in NOK 1000)	Note	Q3 22	Q3 21	YTD 22	YTD 21	2021
Revenue from contracts with customers	2	-223	12,251	19,293	12,251	12,047
Other income		-0	0	-19	0	209
Total operating income		-223	12,251	19,273	12,251	12,257
Cost of goods sold	4	11,220	-2,450	7,281	-2,450	-908
Personnel expenses	11	-15,700	-5,423	-33,387	-14,148	-21,067
Other operating expenses		-16,047	-8,407	-39,018	-19,666	-25,894
EBITDA before fair value adjustment		-20,750	-4,028	-45,850	-24,013	-35,612
Depreciations	3	-1,571	-643	-4,082	-1,410	-2,229
EBIT before fair value adjustment		-22,321	-4,671	-49,932	-25,423	-37,841
Fair Value Adjustment	4	6,226	0	8,873	0	0
Operating profit (EBIT)		-16,096	-4,671	-41,059	-25,423	-37,841
Financial income	6	8,589	4,213	24,559	9,463	12,852
Financial expense	6	-6,460	-5,192	-9,239	-5,266	-7,335
Share of net income from associated companies	6	-220	23	-496	26	-634
Financial expense - net		1,909	-956	14,858	4,223	4,884
Profit/loss before tax	8	-14,187	-5,627	-26,235	-21,201	-32,957
Income tax expense	8	0	0	0	0	-1,026
Change in deferred tax		0	0	0	0	7,539
Profit/loss for the period	9	-14,187	-5,627	-26,235	-21,201	-26,444
Basic earnings per share (NOK)	9	-0,04	-0,02	-0,08	-0,07	-0,11
Diluted earnings per share (NOK)	9	-0,04	-0,02	-0,08	-0,07	-0,11

Statement of Comprehensive Income

Profit/(loss) for the period		-14,187	-5,627	-26,235	-21,201	-26,444
Exchange difference on translating foreign operation	6,7	-318	-624	498	-585	-560
Total comprehensive income for the period		-14,505	-6,250	-25,737	-21,786	-27,004

Q3 2022 results

The Company did not record any revenues for the third quarter.

Personnel expenses for the quarter totalled NOK 15.7 million. During the quarter approximately 26% of the total personnel expenses were

capitalized and allocated to the building project at Indre Harøy.

Other operating expenses totalled to NOK 16.0 million during the quarter and consisted mainly of operating expenses at our facilities in Dale

and Indre Harøy, costs related to the establishment in North America, consultancy and legal fees, and other administration expenses.

After the fair value adjustment related to the biomass (NOK 6.2 million), operating loss for the period ended at NOK 16.1 million.

Costs deemed to be part of the ongoing assets under construction are capitalized consecutively throughout the year.

YTD 2022 results

Total revenues year-to-date accumulates to NOK 19.3 million. The revenues are directly related to the sale of smolt from Salmon Evolution Dale to an external client.

Personnel expenses as per 30 September 2022 sums up to NOK 33.4 million. Year-to-date approximately 39% of the total personnel expenses are capitalized and allocated to the building project at Indre Harøy.

Other operating expenses totalled NOK 39.0 million, which is NOK 19.3 million higher than for the same period last year. The increase reflects the higher activity level in the Company, continued progress at Indre Harøy and South Korea, the establishment in North America, alongside operating expenses at our facilities at

Cash flow

Consolidated net cash flow from operating activities was NOK -21.5 million in the third quarter of 2022 compared to NOK -22.4 million for the same period last year.

Net cash flow from investment activities was NOK -78.6 million during the third quarter, compared to -255.0 million during the second quarter. The reduction is a reflection of reduced

Net financials for the quarter was positive at NOK 1.9 million, reflecting about NOK 1.0 million in unrealized profit from financial assets used for hedging purposes.

Loss for the quarter was 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.

Salmon Evolution Dale and Indre Harøy, and other administration expenses.

Year-to-date the Company has made fair value adjustments of the biomass of NOK 8.9 million leaving an operating loss year to date of NOK 41.1 million.

Total depreciations were NOK 4.1 million and net financials was positive with NOK 14.8 million, including unrealized profit from financial assets used for hedging purposes of NOK 12.1 million.

Loss before tax was NOK 26.2 million as per 30 September 2022.

Assets under construction are not depreciated.

activity levels as phase 1 at Indre Harøy is approaching completion.

Cash flow from financing activities during the quarter was NOK 32.0 million, which mainly consist of drawdowns on the Construction facility.

Total net cash flow during the third quarter was NOK -68.0 million. The liquidity position at the end

of the period was strong, with cash and cash equivalents of NOK 457.1 million and total

available liquidity of NOK 645 million including committed undrawn credit facilities.

Cash flow summary

(figures in NOK 1000)

	Q3 22	Q3 21	YTD 22	YTD 21	2021
Net cash flow from operating activities	-21,482	-22,438	-14,814	-57,801	-67,376
Net cash flow from investments activities	-78,550	-324,823	-611,702	-544,403	-754,553
Net cash flow from financing activities	31,988	56,161	578,092	531,151	679,668
Net change in cash and cash equivalents	-68,045	-291,100	-48,424	-71,053	-142,261
Cash and cash equivalents at start of period	525,165	867,853	505,545	647,806	647,806
Cash and cash equivalents at end of period	457,120	576,753	457,120	576,753	505,545

Financial position

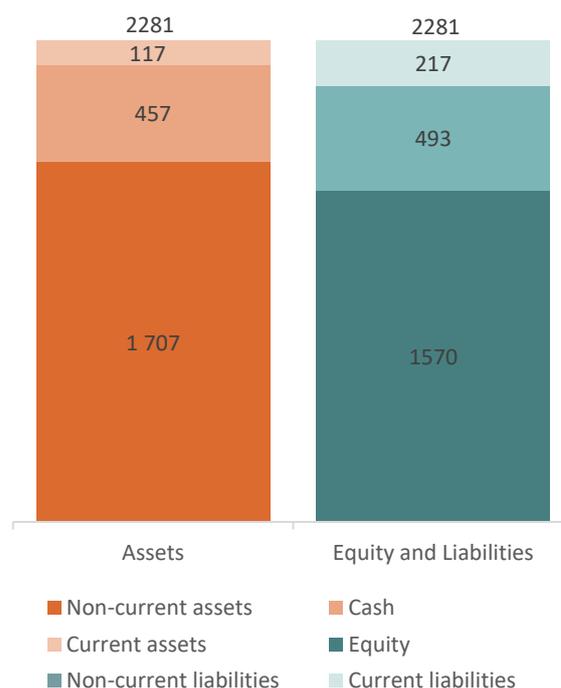
The carrying amount of Salmon Evolution's total fixed assets as of 30 September 2022 was NOK 1,706.7 million, compared to NOK 847.2 million 30 September 2021. Fixed assets are mainly related to the construction work at Indre Harøy, comprising capitalized costs related to both personnel expenses and construction cost, land acquisition and Dale smolt facility as well other smaller items.

Total equity amounted to NOK 1,570.2 million. With total assets of NOK 2,281.0 million, this corresponds to an equity ratio of 69%. Consolidated interest-bearing liabilities totalled NOK 511.7 million.

In October 2020, Salmon Evolution was granted NOK 14 million in funding from the Norwegian tax incentive scheme Skattefunn. The incentive scheme will be distributed over a three-year period and is designed to stimulate research and development (R&D).

Furthermore, in November 2020 the Company was granted NOK 96.8 million in a funding commitment from ENOVA. The commitment is a cash grant, and the funding will not require any material additional investment needs from Salmon Evolution. The proceeds from this grant is expected paid out in tranches over the course of Indre Harøy Phase 1 development.

Balance sheet as per 30.09.2022 (NOK million)



Source: Company data

Both grants are recognized in the financial accounts as a reduction of fixed assets. As of Q3 2022 the Company has recognized NOK 13.1 million in Skattefunn grants and NOK 94.5 million in Enova grants of which NOK 9.5 million and

NOK 77.1 million have been received by 30 September 2022, respectively.

As per 30 September 2022 the Company had bank debt of NOK 488.2 million, mainly relating

to the Construction Facility for Indre Harøy. For further description of the financing package see section "Funding" above.

Subsequent events

Successful third smolt release at Indre Harøy

On 27 October 2022 the Company successfully completed the third smolt release at Indre Harøy which comprised about 200,000 smolt with an

average weight of around 220 grams. The operation went according to plan and the fish is responding well to feeding.

Completed the first commercial harvest

On 7 November Salmon Evolution started harvesting of batch 1 and thereby reaching a major milestone. Around 30,000 fish was successfully harvested with very good quality parameters and a superior share of ~94%.

fully harvest out batch 1 during the fourth quarter. Average harvest weight for batch 1 as a whole is expected to be around 4 kg HOG.

Feeding for the remaining batch 1 individuals are continuing and the Company expects to

The first harvest was sold to a selected mix of customers, both in Norway and abroad, and feedback as to the quality of the fish has been very positive.

Change of CEO

On 25 October 2022 the Company announced that CEO Håkon André Berg for personal reasons had decided to step down as CEO. CFO Trond Håkon Schaug-Pettersen was subsequently

appointed Interim CEO and the Board has started the process of recruiting a permanent replacement.

Transactions with related parties

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

There were no material transactions with related parties as per 30 September 2022.

Share information

As per 30 September 2022 Ronja Capital II AS was the Company's largest shareholder with 27,393,242 shares, corresponding to 7.9% of the total number of shares outstanding. The 20 largest shareholders held 57.9% of the shares in the Company.

The closing price for the Company's share was NOK 7.96 per share as per 30 September, which corresponded to a market capitalization of NOK 2.75 billion.

During the quarter the average daily, traded volume was about 705,000 shares and the average daily traded value was about NOK 6.1 million (Oslo Børs).

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

20 largest shareholders 30 September 2022

Shareholder	# of shares	% share
Ronja Capital II AS	27,393,242	7.9 %
The Bank of New York Mellon SA/NV	22,755,829	6.6 %
Farvatn Private Equity AS	17,649,433	5.1 %
Dongwon Industries Co. Ltd	16,044,572	4.6 %
Rofisk AS	14,537,897	4.2 %
Stette Invest AS	11,569,338	3.3 %
Kjøllås Stansekniver AS	11,207,738	3.2 %
J.P. Morgan SE	8,282,924	2.4 %
Mevold Invest AS	8,141,141	2.4 %
Lyndheim Invest AS	7,994,252	2.3 %
Jakob Hatteland Holding AS	7,810,734	2.3 %
Ewos AS	7,441,374	2.2 %
Bortebakken AS	7,425,940	2.1 %
Verdipapirfondet Dnb Norge	6,537,429	1.9 %
Nordnet Livsforsikring AS	5,787,950	1.7 %
Verdipapirfondet DNB SMB	4,834,585	1.4 %
VPF DNB Norge Selektiv	4,790,523	1.4 %
Salmoserve AS	3,782,921	1.1 %
CACEIS Bank	3,060,136	0.9 %
Småge Eiendom AS	3,033,333	0.9 %
Total 20 largest shareholders	200,081,291	57.9 %
Other shareholders	145,673,531	42.1 %
Total number of shares	345,754,822	100.0 %

Source: VPS, Company

Risk and uncertainties

As described in the Annual Report for 2021, Salmon Evolution's business activities entail exposure to various types of risk, including risk related to project, market-, operational- and financial development. The Covid-19 pandemic still poses a risk to most of the Group's operational areas. 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 Company.

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 Company's commercialization strategy may fail. The Company is vulnerable to errors in technology,

production equipment and maintenance routines.

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

Project risk

Successful project execution and construction are decisive for the Company'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 Company's ability to realize its business plan. The chosen entrepreneur for the construction project at Indre Harøy, Artec Aqua, has limited legal liability for cost overruns and delays.

Market risk

Having entered the operational phase, the Group is exposed to the general development of salmon prices. Although prices have remained strong so far in 2022, costs are also increasing. As of 30 September 2022, the Company has not entered into any hedging programs to reduce market risk.

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 entered into hedging agreements for most of its expected electricity needs for 2022 and 2023.

Interest Rate risk

The Group's interest rate risk relates primarily to borrowings from financial institutions with variable interest rates. Currently, the Group has entered into hedging programs to reduce this risk for only parts of its planned borrowings, thus

the Group remains exposed to changes in the interest rate. As of 30 September 2022, outstanding loans from credit institutions amounted to NOK 488.2 million (excluding financial leasing).

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 of 30 September 2022, there were no such instruments outstanding.

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. This risk is not considered to be material.

Liquidity risk

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 in order to finance its current and long-term plans.

Summary and Outlook

Early November Salmon Evolution completed its first commercial harvest, demonstrating "proof of concept" as to our approach to land-based salmon farming. Furthermore, this first harvest is a verification that it is possible to produce salmon on land, at an industrial scale and with a strong biological performance.

The harvest of batch 1 will be spread over several harvesting operations during the fourth quarter, providing our team with valuable experience.

Salmon Evolution has now been operating the Indre Harøy facility for more than 7 months, successfully completed 3 smolt releases and finally completed the first harvest.

Although it has been a steep learning curve for the organization, the Company has managed to provide the salmon with stable conditions throughout the period, demonstrated by the low observed mortality. The performance of batch 1 has been strong with performance in line with our expectations even though there has been a continuous process as to tuning and modification works on the systems.

For batch 2, the performance has been exceeding batch 1, clearly demonstrating the upside potential for this operation going forward. The Company's ambition is to continuously identify and implement learning effects in order to maximize output and produce a salmon with the highest possible quality.

The first harvest also marks the beginning of our commercial operations which has been in the planning for some time. Harvest volumes in the fourth quarter will give selected customers in Norway and abroad the opportunity to fully test out the product and verify the quality ahead of the significant volume ramp-up planned for 2023, where regularity on harvest volumes will significantly increase. Initial feedback from customers have been very positive, clearly demonstrating the strong opportunity for our product in the market.

The average Fish Pool salmon price was NOK 70.4/kg in Q3 2022 compared to NOK 55.5/kg in Q3 2021, representing an increase of 27% year over year. Looking at the forward prices for the remainder of 2022, this points to a full year 2022 salmon price of more than NOK 80/kg. In comparison the full year salmon price for 2021 was NOK 58.4/kg. The Company also notes that airfreight costs for in particular the Asian market has been at elevated levels following the pandemic and war in Ukraine, resulting substantially higher salmon prices locally, e.g. in South Korea.

Total Norwegian exports of salmon during Q3 2022 was ~402,200 tons compared to ~400,500 tons in Q3 2021, an increase of 0.4%. Year to date per Q3 2021 export volumes are down 2.9% while the salmon price is up 49% for the same period, clearly demonstrating strong underlying demand for salmon.

Based on the data so far and the expectations for the remainder of year, around neutral global supply growth is expected for the full year of 2022. Going into 2023 most analysts expect low single digit global supply growth which should support a scenario with strong salmon prices. With Salmon Evolution now in the process of ramping up production, the Company should be in a good position to benefit from this over the course of 2023.

Looking further ahead, the Company continues to see a significant demand growth potential for

salmon and the Company remains firm in its belief 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 a fully operational Indre Harøy facility, Salmon Evolution has a unique opportunity to significantly grow the Company's operations over the coming decade and solidifying its position as the global leader within land-based salmon farming.

First customer – Zuuma Restaurant, Ålesund



Photo: Salmon Evolution

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 2022 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
Aalesund/Molde 15 November 2022



Tore Tønseth
Chair



Peder Stette
Director



Anne Breiby
Director



Ingvild Vartdal
Director



Janne-Grethe Strand Aasnæs
Director



Glen Allan Bradley
Director



Eunhong Min
Director



Trond Håkon Schaug-Pettersen
Interim CEO

Interim financial statements (IFRS)

Statement of Profit and Loss

Summary of result						
(figures in NOK 1000)	Note	Q3 22	Q3 21	YTD 22	YTD 21	2021
Revenue from contracts with customers	2	-223	12,251	19,293	12,251	12,047
Other income		-0	0	-19	0	209
Total operating income		-223	12,251	19,273	12,251	12,257
Cost of goods sold	4	11,220	-2,450	7,281	-2,450	-908
Personnel expenses	11	-15,700	-5,423	-33,387	-14,148	-21,067
Other operating expenses		-16,047	-8,407	-39,018	-19,666	-25,894
EBITDA before fair value adjustment		-20,750	-4,028	-45,850	-24,013	-35,612
Depreciations	3	-1,571	-643	-4,082	-1,410	-2,229
EBIT before fair value adjustment		-22,321	-4,671	-49,932	-25,423	-37,841
Fair Value Adjustment	4	6,226	0	8,873	0	0
Operating profit (EBIT)		-16,096	-4,671	-41,059	-25,423	-37,841
Financial income	6	8,589	4,213	24,559	9,463	12,852
Financial expense	6	-6,460	-5,192	-9,239	-5,266	-7,335
Share of net income from associated companies	6	-220	23	-496	26	-634
Financial expense - net		1,909	-956	14,824	4,223	4,884
Profit/loss before tax	8	-14,187	-5,627	-26,235	-21,201	-32,957
Income tax expense	8	0	0	0	0	-1,026
Change in deferred tax		0	0	0	0	7,539
Profit/loss for the period	9	-14,187	-5,627	-26,235	-21,201	-26,444
Basic earnings per share (NOK)	9	-0,04	-0,02	-0,08	-0,07	-0,11
Diluted earnings per share (NOK)	9	-0,04	-0,02	-0,08	-0,07	-0,11
Statement of Comprehensive Income						
Profit/(loss) for the period		-14,187	-5,627	-26,235	-21,201	-26,444
Exchange difference on translating foreign operation	6,7	-318	-624	498	-585	-560
Total comprehensive income for the period		-14,505	-6,250	-25,737	-21,786	-27,004

Statements of financial position

(figures in NOK 1000)	Note	30 Sept 2022	30 June 2022	31 Dec 2021	30 Sept 2021
Assets					
Intangible assets	3	63,711	63,281	62,586	59,212
Deferred tax assets	8	1,026	1,026	1,026	0
Assets under construction	1,3	1,577,758	1,444,629	971,122	745,139
Property, plant & equipment	3	27,375	24,991	15,601	10,231
Right-of-use assets	3	10,596	13,652	2,112	5,649
Investment in associated companies	7	26,220	26,759	26,219	26,985
Total non-current assets		1,706,688	1,574,338	1,078,664	847,215
Inventory	4	49,413	20,114	15,050	12,828
Trade receivables		1,822	3,651	382	6,892
Other current receivables	6	65,962	93,228	106,262	47,638
Cash and cash equivalents		457,120	525,165	505,545	576,753
Total current assets		574,316	642,159	627,239	644,111
Total assets		2,281,004	2,216,497	1,705,903	1,491,326
Equity and liabilities					
Share capital	10	17,288	17,288	15,540	15,263
Share premium	10	1,627,073	1,627,073	1,334,283	1,291,968
Other reserves	11	8,995	7,791	5,118	3,869
Other equity		0	0	0	0
Uncovered losses		-83,148	-68,642	-57,411	-52,193
Total equity		1,570,208	1,583,510	1,297,530	1,258,907
Deferred tax		0	0	0	6,513
Long-term interest-bearing debt	5	478,169	440,644	212,352	63,421
Lease liabilities - long term	5	7,352	10,074	892	4,194
Other long-term liabilities	5	7,976	7,976	7,976	0
Total non-current liabilities		493,497	458,694	221,221	74,128
Short-term interest-bearing debt	5	22,739	25,096	13,086	12,487
Trade payables		179,988	134,112	162,071	137,757
Social security and other taxes		4,125	4,102	4,946	3,026
Lease liabilities - short term	5	3,441	3,710	1,236	1,477
Other short-term liabilities		7,006	7,275	5,812	3,544
Total current liabilities		217,299	174,293	187,152	158,291
Total liabilities		710,796	632,987	408,373	232,418
Total equity and liabilities		2,281,004	2,216,497	1,705,903	1,491,326

Statement of cash flow

(figures in NOK 1000)	Note	Q3 22	Q3 21	YTD 22	YTD 21	2021
Cash flow from operations						
Profit before income taxes		-14,187	-5,627	-26,235	-21,201	-32,957
Adjustments for:						
Depreciation		1,571	643	4,082	1,410	2,229
Net finance		-1,909	979	-14,824	-4,197	-4,884
Share based payment expenses		1,204	0	3,876	0	1,624
Gain on lease modification		0	0	0	0	66
Changes in working capital:						
Change in trade receivables		1,829	0	-1,440	0	-382
Change in other current receivables		28,244	-9,681	52,416	-31,909	-29,217
Change in inventory		-29,298	-12,828	-34,362	-12,828	-1,702
Change in trade payables		-10,033	-3,070	-2,485	-4,236	-684
Change in social security and other taxes		23	6,316	-821	8,410	-4,387
Change in other current liabilities		-269	1,809	1,194	2,553	3,584
Cash generated from operations		-22,823	-21,459	-18,600	-61,997	-66,710
Financial expenses paid		-6,270	-5,192	-8,658	-5,266	-11,980
Financial income received		7,611	4,213	12,444	9,463	11,315
Net cash flow from operations		-21,482	-22,438	-14,814	-57,801	-67,376
Cash flow from investment activities						
Payments for fixed assets and other capitalizations	3	-134,030	-256,125	-630,977	-539,444	-797,959
Payments for intangible assets	3	-430	-58,232	-1,126	-58,780	-881
Acquisitions		0	0	0	0	-27,249
Change in trade payables investments		55,909	-10,311	20,401	81,389	98,315
Investment in associated companies		0	-155	0	-27,568	-26,779
Net cash flow from investment activities		-78,550	-324,823	-611,702	-544,403	-754,553
Cash flow from financing activities						
Proceeds from issue of equity		-0	16,975	294,538	492,206	517,868
Proceeds from new borrowings		47,582	76,108	288,226	76,108	202,600
Repayment of borrowings		-12,604	-40,200	-13,337	-40,200	-40,800
Repayment of lease liabilities		-2,990	3,278	8,664	3,037	0
Net cash flow from financing activities		31,988	56,161	578,092	531,151	679,668
Net change in cash and cash equivalents		-68,045	-291,100	-48,424	-71,053	-142,261
Cash and cash equ. at the beginning of the period		525,165	867,853	505,545	647,806	647,806
Cash and cash equ. at the end of the period		457,120	576,753	457,120	576,753	505,545

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 2021	10 987	804 369	2 974	520	-30 407	788 442
Profit/loss for the period	0	0	0	0	-21 201	-21 201
Other comprehensive income	0	0	0	0	-585	-585
Total comprehensive income	0	0	0	0	-21 787	-21 787
Capital increase, net of transaction cost:	4 276	487 601	0	0	0	491 877
Share options issued	0	0	375		0	375
Share options exercised	0	0	520	-520	0	0
Transactions with owners	4 276	487 601	895	-520	0	492 252
Balance at 30 Sept 2021	15 263	1 291 968	3 869	0	-52 193	1 258 907
Profit/loss for the period	0	0	0	0	-5 243	-5 243
Other comprehensive income	0	0	0	0	25	25
Total comprehensive income	0	0	0	0	-5 218	-5 218
Capital increase, net of transaction cost:	277	42 314	0	0	0	42 591
Share options issued	0	0	1 249	0	0	1 249
Share options exercised	0	0	0	0	0	0
Transactions with owners	277	42 314	1 249	0	0	43 840
Balance at 31 December 2021	15 540	1 334 282	5 118	0	-57 411	1 297 530
Balance at 1 January 2022	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
Capital increase, net of transaction cost:	1 748	292 790	0	0	0	294 538
Share options issued	0	0	3 876	0	0	3 877
Share options exercised	0	0	0	0	0	0
Transactions with owners	1 748	292 790	3 876	0	0	298 415
Balance at 30 Sept 2022	17 288	1 627 072	8 995	0	-83 148	1 570 208

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 currently under construction has a planned 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 with expected completion in Q1 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 15 November 2022.

These interim financial statements have not been audited.

Consolidation

These condensed consolidated statements for the period ended 30 September 2022 include Salmon Evolution ASA together with its subsidiaries Salmon Evolution Norway AS, Salmon Evolution International AS, Salmon

Evolution Sales AS and Salmon Evolution Dale AS. Please note that the comparable previous financial statement periods only include Salmon Evolution Dale AS from August 2022 and do not include Salmon Evolution Sales AS.

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 2021, 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.

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

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 intended use or placed in service. As per 30.09.2022 the Company is still in a test- and verification phase for its Indre Harøy facility and the facility is therefore not deemed ready for intended use. As such, assets under construction are not depreciated.

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. For further information, please refer to note 4.

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 is in an early stage of its production ramp-up at the grow-out facility at Indre Harøy which comprises most of the Group's activity as per the reporting date. Internal reporting to the Company's top decision maker is therefore on an aggregated group level and accordingly, the Company does not present segment information as per the reporting date.

To date the Group's revenue is mainly related to sale of smolt in Norway.

Note 3 – Property, plant and equipment

(figures in NOK 1000)	Intangible assets	Assets under construction	Buildings	Fixtures and fittings	Right-of-use assets	Total
Cost 1 January 2021	432	219 926	0	739	1 918	223 015
Additions	58 780	525 213	7 607	2 620	4 716	598 936
Disposals						
Cost 30 Sept 2021	59 212	745 139	7 607	3 359	6 634	821 952
Accumulated depreciation 1 January 2021	0	0	0	-409	-240	-649
Depreciation for the period	0	0	-99	-227	-746	-1 073
Net book value 30 Sept 2021	59 212	745 139	7 508	2 723	5 649	820 231

(figures in NOK 1000)	Intangible assets	Assets under construction	Buildings	Fixtures and fittings	Right-of-use assets	Total
Cost 1 January 2022	62 586	971 122	7 607	8 966	3 997	1 054 277
Additions	1 126	606 636	16	13 450	10 874	632 102
Disposals						
Cost 30 Sept 2022	63 711	1 577 758	7 623	22 416	14 871	1 686 379
Accumulated depreciation 1 January 2022	0	0	-302	-670	-1 885	-2 857
Depreciation for the period	0	0	-486	-1 206	-2 390	-4 082
Net book value 30 Sept 2022	63 711	1 577 758	6 835	20 540	10 596	1 679 441

Straight-line depreciation is applied over the useful life of property, plant, and equipment based on the asset's historical cost and estimated residual value at disposal. Depreciation is charged to expense when the property, plant or equipment is ready for use or placed in service. As per 30.09.2022 the Company is still in a test- and verification phase for its Indre Harøy facility and the facility is therefore not deemed ready for intended use. As such, assets under construction are not depreciated.

Assets under construction per 30 September 2022 consisted mainly of capitalised costs related to the turnkey project with Artec Aqua for building a land-based salmon farming facility at Indre Harøy, Møre og Romsdal.

Note 4 – Biological assets and inventory

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

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

The Group considers that the optimal harvest weight is 4.60 kg, which corresponds to around 4 kg gutted weight. Fish with a live weight of 4.60 kg or more are classified as ready for harvest, while fish that have not achieved this weight are classified as not harvestable.

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. The net sales value is adjusted for expected quality differences and harvesting, logistic and sales expenses.

BOOK VALUE OF INVENTORY	NOK 1000			
	Q3 2022	Q2 2022	Q4 2021	Q3 2021
Raw materials	2 227	1 112	112	291
Biological assets	47 185	19 002	14 939	12 537
Finished goods	-	-	-	-
Total	49 413	20 114	15 050	12 828

BIOLOGICAL ASSETS	TONNES			
	Q3 2022	YTD 2022	Q3 2021	YTD 2021
Biological assets beginning of period	202	182	101	101
Increase due to production	423	606	136	136
Reduction due to harvest/sale	-	-163	-93	-93
Reduction due to incident based mortality	-	-	-	-
Fair value adjustment beginning of period	N/A	N/A	N/A	N/A
Fair value adjustment end of period	N/A	N/A	N/A	N/A
Biological assets end of period	625	625	144	144

BIOLOGICAL ASSETS	NOK 1000			
	Q3 2022	YTD 2022	Q3 2021	YTD 2021
Biological assets beginning of period	19 002	14 939	12 044	12 044
Increase due to production	21 957	36 163	7 748	7 748
Reduction due to harvest/sale	0	-12 789	-7 255	-7 255
Reduction due to incident based mortality	0	-	-	-
Fair value adjustment beginning of period	-2 647	-	-	-
Fair value adjustment end of period	8 873	8 873	-	-
Biological assets end of period	47 185	47 185	12 537	12 537

Specification of biological assets

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	-	12 738
Non-harvestable fish (<4.6 kg)	327	488	25 575	8 873	34 447
Harvestable fish (>4.6 kg)	-	-	-	-	-
Total	2 448	625	38 312	8 873	47 185

Biological assets per 30.09.2021	Number of fish (1000)	Biomass (tonnes)	Cost of production (NOK 1000)	Fair value adjustment (NOK 1000)	Carrying amount (NOK 1000)
Smolt	2 332	144	12 537	-	12 537
Non-harvestable fish (<4.6 kg)	-	-	-	-	-
Harvestable fish (>4.6 kg)	-	-	-	-	-
Total	2 332	144	12 537	-	12 537

The Company is in an early stage of the production ramp-up at the grow-out facility at Indre Harøy, and hence the facility's production capacity is not fully utilized. Cost of production is therefore adjusted for unutilized production capacity. As per 30.09.2022 this adjustment amounted to NOK 8.2 million which has been expensed directly in the profit and loss statement. The corresponding figure for 3Q 2022 amounted to NOK 4.5 million.

The Company has not yet started depreciation of the grow-out facility at Indre Harøy. Accordingly, depreciation is not reflected in the cost of production and fair value adjustment figures.

Note 5 – Interest-bearing debt

Long-term interest bearing debt

(NOK thousand)	30.09.2022	30.09.2021	31.12.2021
Debt to credit institutions	478 169	50 933	200 000
Other long-term interest bearing debt	-	12 488	12 352
Leasing liabilities	7 352	4 194	892
Total long-term interest-bearing debt	485 520	67 615	213 245

Short-term interest bearing debt

(NOK thousand)	30.09.2022	30.09.2021	31.12.2021
Debt to credit institutions	10 057	-	733
Other short-term interest bearing debt	12 681	12 487	12 352
Leasing liabilities	3 441	1 477	1 236
Total short-term interest-bearing debt	26 180	13 964	14 322

Total interest-bearing debt	511 701	81 579	227 567
Cash & cash equivalents	457 120	576 753	505 545
Net interest-bearing debt	54 580	-495 174	-277 978

The Group has entered into a senior secured NOK 625 million debt financing package relating to its phase 1 build out at Indre Harøy with Nordea, Sparebanken Vest and Innovation Norway. This package consists of a NOK 525 million senior secured credit facility that are to finance the construction CAPEX at Indre Harøy (Construction Facility) as well as a NOK 100 million overdraft facility. Per 30.09.22 the Group had made drawdowns of NOK 465 million under the Construction Facility. The Construction Facility has no repayments during the construction period and will be converted into a long-term debt facility at completion of Phase 1. In addition, the Company has drawn NOK 10 million on the Overdraft Facility.

The Group has also entered into loan agreements for a total of NOK 52 million relating to Salmon Evolution Dale AS of which around NOK 14 million was drawn as per 30 September 2022. This financing is intended to finance working capital and investments in Salmon Evolution Dale as well as refinancing of the seller's credit.

Per 30.09.2022 the Company has NOK 12.7 million of short-term interest-bearing debt (seller's credit) relating to 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 exceed 50%. Further, there is a profitability requirement linked to the borrower's EBITDA which shall be greater than NOK 100 million on a last 12-month basis from Q2 2024. Quarterly EBITDA figures shall be measured from Q3 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 cash balance shall be greater than NOK 100 million during construction, and greater than NOK 50 million after completion of the construction work.

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 Group's two operating subsidiaries, 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, 2022	14 322	213 245
Repayment of loans and borrowings	-13 086	-
Proceeds from new bank loan	10 057	278 169
Seller credit Kraft Laks	12 681	-12 352
Obligations due to land and water rights	-	-
Change in obligations under leases	2 205	6 460
Balance at Sept 30, 2022	26 180	485 520
Transaction cost related to loans and borrowings	-	
Capitalised borrowing cost	15 745	
Interest expense	2 242	
Change accrued interest	-1 640	
Interest paid	16 347	

Note 6 – Finance income & finance cost

(figures in NOK 1000)

Finance income	Q3 2022	Q3 2021	YTD 2022	YTD 2021	2021
Interest income	1 837	779	5 428	2 578	4 057
Change in value of financial derivatives	6 592	0	17 729	0	1 537
Foreign exchange gains	160	3 434	1 392	6 884	7 062
Other finance income	0	0	10	0	196
Financial income	8 589	4 213	24 559	9 463	12 852
Share of net income from associated companies	-220	23	-496	26	-634
Total financial income	8 369	4 236	24 063	9 488	12 218

Finance expenses	Q3 2022	Q3 2021	YTD 2022	YTD 2021	2021
Interest on debts and borrowings	770	124	2 242	190	1 007
Change in value of financial derivatives	5 614	0	5 614	0	0
Foreign exchange losses	76	5 068	1 358	5 076	6 287
Other finance expenses	0	0	25	0	40
Total financial expenses	6 460	5 192	9 239	5 266	7 335

Net financial income/- expenses	1 909	-956	14 824	4 223	4 884
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Fair value adjustments - financial assets

(NOK thousand)	YTD 2022	YTD 2021	2021
Unrealised changes in the value of interest rate swap	12 840	-	1 263
Unrealised changes in the value of contract related to power supply	-726	-	274
Fair value adjustments recognised in profit and loss	12 115	-	1 537

The Group did not have any fair value adjustments of financial liabilities as per Q3 2022, nor in 2021.

Note 7 – 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		-496	
Foreign currency translation gain/(loss) YTD 2022		498	
Net book value 30 September 2022		26 220	

Investments in associated companies are recognized using the equity method.

Note 8 – Tax

(figures in NOK 1000)	YTD 2022	YTD 2021
Profit/loss before tax	-26 235	-21 201
Calculated tax (22%)	-5 772	-4 664
Tax payable	0	0
Change in deferred tax (asset)	-5 772	-4 664
Change in deferred tax not shown in the balance sheet	5 772	4 664
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 2022 is 22%, compared to 22% for the period ended 30 September 2021.

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. As of 31.12.2021 there was a basis for payable tax in the subsidiary Salmon Evolution Dale AS (previously Kraft Laks AS) amounting to 1,026 thousand. This is offset with a group contribution from Salmon Evolution ASA. The tax effect is recognized as deferred tax asset.

Note 9 – Earnings per share

(figures in NOK 1000)	YTD 2022	YTD 2021
Loss attributable to the equity owners of the Company	-26 235	-21 201
Loss for calculation of diluted earnings per share	-26 235	-21 201
Weighted average number of shares outstanding ¹⁾	334 124 267	284 789 313
Dilutive options	0	0
Average number of shares and options used in calculation for diluted EPS	334 124 267	284 789 313
Basic earnings per share (NOK)	-0,08	-0,07
Diluted earnings per share (NOK)	-0,08	-0,07

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

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. Therefore 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).

YTD 2021: The Company issued 83,333,333 new shares in a capital raise in March 2021, and another 2,190,694 in August 2021. The weighted average number of shares outstanding YTD 2021 has been calculated by applying a weight of 2/9 of the number of shares before the capital raise in March 2021 (219,731,088 shares), 6/9 of the number of shares after the capital raise (303,064,421 shares), and 1/9 of the total number after the final adjustment in September 2021 (305,255,115).

Note 10 – Share capital and 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

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 (now Oslo Børs) in September 2020. Further, the Company also raised another NOK 500 million in a private placement in March 2021.

In August 2021 the Company acquired 100% of the shares in Kraft Laks AS. As part of the settlement the Company 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 Company carried out a private placement of USD 5m (NOK ~43m) towards Cargill.

Further, in April 2022 the Company carried out a private placement raising gross proceeds of NOK 300 million at a subscription price of NOK 9.00 per share, bringing total raised equity to more than NOK 1.7 billion.

Note 11 – Options

Options

Effects on financial statement:

NOK thousands	30.09.2022
Other paid-in capital	3 876
Net BS	3 876
	30.09.2022
Option cost	-2 338
Net PL	-2 338
	30.09.2022
Capitalized option cost	-1 538
Allocated to CAPEX	1 538

Note 12 – Transactions with related parties

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

There were no material transactions with related parties year-to-date 2022.

Note 13 – Significant and subsequent event

Successful third smolt release at Indre Harøy

On 27 October 2022 the Company successfully completed the third smolt release at Indre Harøy which comprised about 200,000 smolt with an average weight of around 220 grams. The operation went according to plan and the fish is responding well to feeding.

Completed the first commercial harvest

On 7 November Salmon Evolution started harvesting of batch 1 and thereby reaching a major milestone. Around 30,000 fish was successfully harvested with very good quality parameters and a superior share of ~94%.

Feeding for the remaining batch 1 individuals are continuing and the Company expects to fully harvest out batch 1 during the fourth quarter. Average harvest weight for batch 1 as a whole is expected to be around 4 kg HOG.

The first harvest was sold to a selected mix of customers, both in Norway and abroad, and feedback as to the quality of the fish has been very positive.

Change of CEO

On 25 October 2022 the Company announced that CEO Håkon André Berg for personal reasons had decided to step down as CEO. CFO Trond Håkon Schaug-Pettersen was subsequently appointed Interim CEO and the Board has started the process of recruiting a permanent replacement.

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, the 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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BOARD OF DIRECTORS

Tore Tønseth

Chairman of the Board

Anne Breiby

Board Member

Ingvild Vartdal

Board Member

Peder Stette

Board Member

Janne-Grethe Strand Aasnæs

Board Member

Glen Allan Bradley

Board Member

Eunhong Min

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Interim CEO & CFO

Ingjarl Skarvøy

COO

Odd Frode Roaldsnes

CCO

Kamilla Mordal Holo

Chief Project Officer

Henriette Nordstrand

Technical Director

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Finance Manager

