



Extending the ocean potential

Q4 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
- Launched North America expansion plan and established team of dedicated resources
- Clear roadmap for 100,000 tonnes HOG by 2032
- Listed on Oslo Stock Exchange main list from July 2021

SALMON EVOLUTION IS 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

- Batch 1 fully harvested out with very strong results – harvest volume of ~340 tonnes HOG at avg. weight of ~3.75 kg HOG (~4.5 kg LW) – excellent product quality confirmed by industry leading superior share of 96%
- On track for profitable farming operations in Q2 2023 and steady state production from late Q3 2023
- Production ramp-up proceeding according to plan with batch 3 and 4 stocked in October and December, respectively
- Continued strong biological performance with minimal mortality – batch 2 scheduled for harvest in Q2 2023
- Increasing focus on international expansion plan, both in South Korea and North America
- Indre Harøy phase 2 preparations continuing – clear signs of normalization in construction markets
- Available liquidity of NOK 400 million per 31 December 2022 including committed undrawn credit facilities

Subsequent events

- Strengthening of the executive management team – Trond Håkon Schaug-Pettersen appointed as CEO and Trond Vadset Veibust as CFO

Key figures

(figures in NOK 1000)	Q4 2022	Q4 2021	2022	2021
IFRS main figures				
Operating Revenues	28,408	5	47,681	12,257
Operational EBITDA*	-22,631	-11,599	-68,481	-35,612
Operating Profit (EBIT)	-21,872	-12,418	-62,931	-37,841
Profit / (loss) before taxes	-6,492	-11,757	-32,726	-26,444
Cash flow from investment activities	-194,270	-214,292	-805,971	-754,553
Cash flow from financing activities	70,462	198,076	648,554	679,668
Net cash flow	-178,361	-71,209	-226,785	-142,261
Cash and cash equivalents	278,759	505,545	278,759	505,545
Net Interest-bearing liabilities	302,990	-277,979		
Total assets	2,305,122	1,705,903		
Equity	1,563,906	1,297,530		
Equity ratio	68 %	76 %		

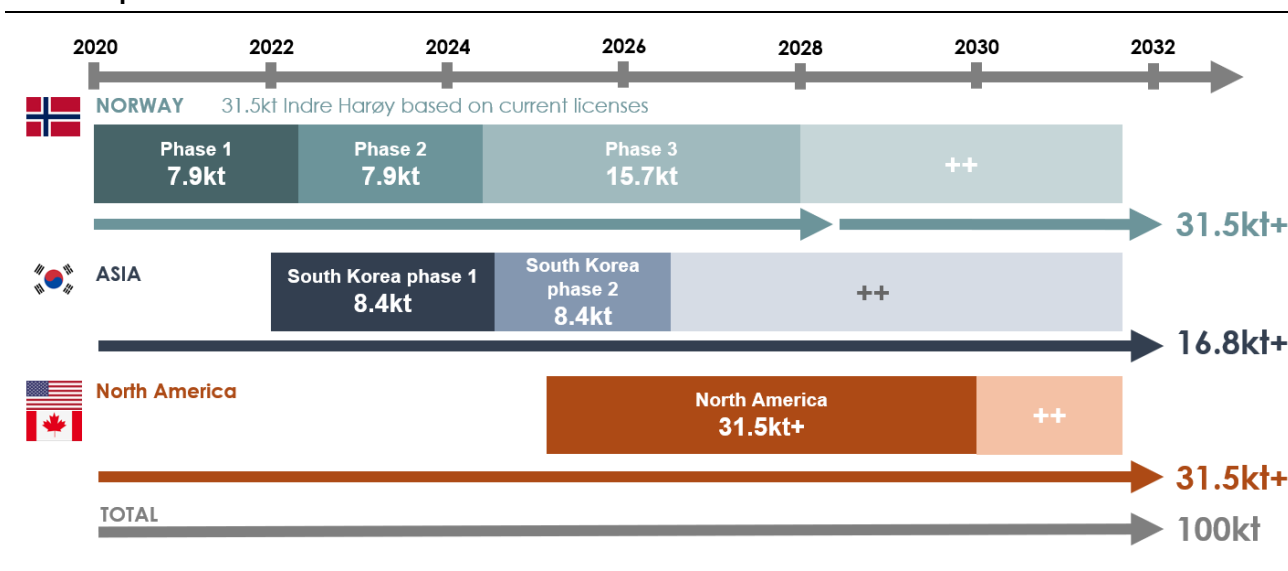
*Before fair value adjustment related to biological assets

Roadmap to 100,000 tonnes in 2032

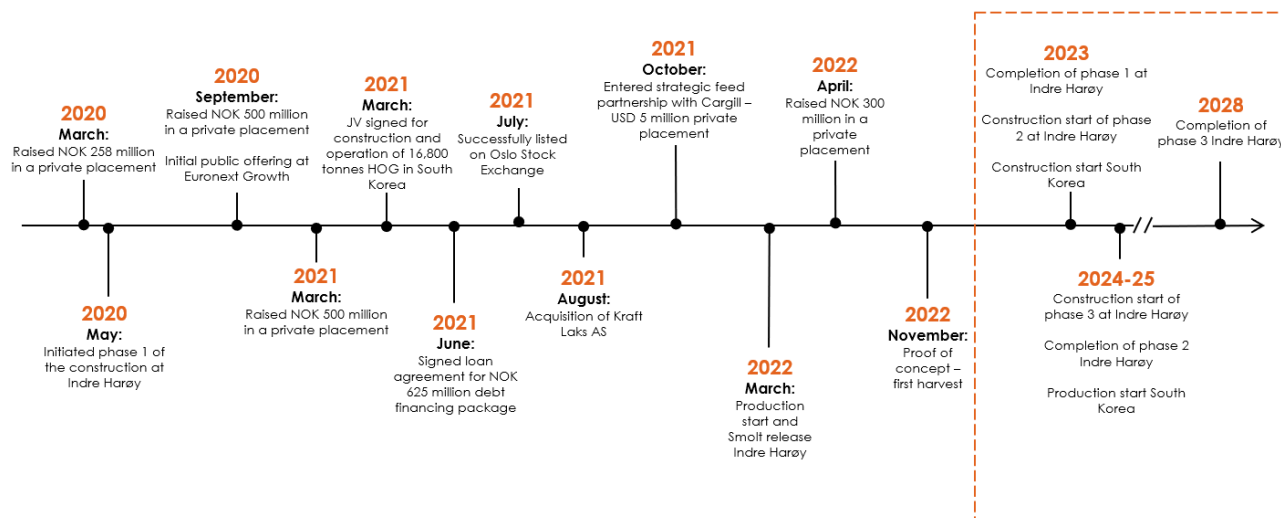
Salmon Evolution targets a leading position in the production of sustainable high-quality salmon from land-based facilities. In addition to its 31,500 tonnes project in Norway, the Company is expanding internationally through a JV in South Korea. Furthermore, the Company has initiated an expansion plan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

Roadmap towards 100kt HOG annual harvest



Key Company milestones



Source: Salmon Evolution

Important events

Batch 1 fully harvested with very strong results

Batch 1 was fully harvested out during the fourth quarter with very strong results. Total harvest volume ended at ~340 tonnes HOG with an average weight of ~3.75 kg HOG (~4.5 kg LW). The harvest was spread over ~1 month in 3 rounds from early November to early December which gives an effective production cycle of around 7-8 months since stocking.

The harvest showed strong product quality, confirmed through an industry leading superior

share of 96% for batch 1 as a whole. The average realized price for batch 1 ended at NOK 75/kg and NOK 78/kg for Superior 3+ kg HOG, representing a NOK ~3/kg premium to corresponding Nasdaq prices.

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.

Ramping up production

During the fourth quarter the Company also released its third and fourth batch of smolt at Indre Harøy. Batch 3 was stocked in late October and comprised 200,000 smolt with an average weight of around 220 grams. Batch 4 was stocked in early December and comprised 265,000 smolt with an average weight of around 260 grams, marking the Company first "full size" smolt release. Going forward the Company

plans to stock "full size" batches of smolt at Indre Harøy every second month.

Furthermore, the increase in biomass production continued in the fourth quarter with December seeing all-time high production despite batch 1 being fully harvested out early in the month. The positive trend has continued into 2023.

Fish from first harvest (December 2022)



Photo: Salmon Evolution

Strengthening of the executive management team

In January 2023 Trond Håkon Schaug-Pettersen was appointed CEO of the Company. Schaug-Pettersen was appointed CFO of Salmon Evolution in October 2020 and has since October 2022 also held the position as interim CEO.

Schaug-Pettersen has extensive experience from both the seafood industry and the capital market and has over the last two years been an integral part of Salmon Evolution's executive management. Before joining Salmon Evolution, he served over 4 years as Senior Vice President Finance and Business Development at salmon farmer and processor Hofseth International and, prior to that, 9 years as an investment banker at Swedbank/First Securities.

The Company also appointed Trond Vadset Veibust (37) as new CFO. Veibust comes from Ekornes where he has been for 8 years, of which for the last 3 years as a member of the executive management. Ekornes is a major furniture producer with global distribution and operations, and during his time there, Veibust has held several executive positions, most recently as Senior Vice President for Ekornes' global operations. Veibust has previously also worked 4 years at Ernst & Young as an auditor, he is a state authorized public accountant and has a MSc from the Norwegian School of Economics (NHH). Veibust will join Salmon Evolution during the second quarter of 2023.



Photo: CEO Trond Håkon Schaug-Pettersen (right) and new CFO Trond Vadset Veibust (left)

Norway

Operations

The Company has now been operating the Indre Harøy facility for almost 10 months, stocked four batches of smolt and fully harvested out batch 1 with very strong results, the latter being a major milestone for the Company.

Total batch 1 harvest volume ended at ~340 tonnes HOG with an average weight of ~3.75 kg HOG (~4.5 kg LW). The harvest was spread over ~1 month in 3 rounds from early November to early December which gives an effective production cycle of around 7-8 months since stocking. The harvest also showed a very homogeneous weight profile across the batch with a very tight spread in weights, despite the fact that batch 1 has not been graded on size since stocking. This is a clear indication of good feed distribution within the fish tanks.

Furthermore, the last harvesting round saw strong harvest weights with around 80% being above 4 kg HOG and less than 2% below 3 kg HOG. Total mortality for batch 1 ended at 5.8% and 4.0% if excluding customary first days in grow out facility.

The harvest also confirmed strong product quality, demonstrated by an industry leading

superior share of 96%. This contributed to an average realized price for batch 1 of NOK 75/kg and NOK 78/kg for Superior 3+ kg HOG, representing a NOK ~3/kg premium to corresponding Nasdaq prices.

The first harvest was sold to a selected mix of customers, both in Norway and abroad and across different segments and channels. Our salmon has proven to be well suited for both conventional cooking, raw consumption and smoked and the feedback from customers has been very positive. Over the coming months the Company will continue to build on these experiences and relationships ahead of the planned increase in harvest volumes for the remainder of 2023.

During the fourth quarter another important milestone was reached when batch 2 was split in two and simultaneously graded on size using our highly automated fish logistics and distribution system. This operation went according to plan with minimal registered mortality. The good growth for batch 2 has continued and as per 31 January batch 2 had an average weight of around 2,375 grams consisting of one large group at ~2.6 kg and one smaller group at ~2.15 kg.

Group biomass development							
Batch	31 December 2022			31 January 2023			Comments
	Units (#)	Weight (g)	Biomass (tonnes)	Units (#)	Weight (g)	Biomass (tonnes)	
Batch #2	~228,000	~1,875	428	~228,000	~2,375	540	Split into two groups with average weight of 2.6 kg and 2.15 kg, respectively
Batch #3	~200,000	~555	112	~200,000	~870	174	Minimal mortality. Increasing appetite
Batch #4	~265,000	~360	96	~265,000	~550	145	4 th smolt release 6 December. Minimal mortality and increasing appetite
Total Indre Harøy	~695,000	~915	637	~695,000	~1,240	859	
Smolt	~2,305,000	~42	96	~3,025,000	~37	111	
Total Group	~3,000,000		733	~3,720,000		970	

During the fourth quarter the Company also released its third and fourth batch of smolt at Indre Harøy. Batch 3 was stocked in late October and comprised 200,000 smolt with an average weight of around 220 grams. Average weight now stands at ~870 grams following a good pickup in growth lately.

Batch 4 was stocked in early December and comprised 265,000 smolt with an average weight of around 260 grams, marking the Company first "full size" smolt release. As per 31 January 2023 the group had reached an average weight of ~550 grams. Going forward the Company plans to stock "full size" batches of smolt at Indre Harøy every second month.

Furthermore, the increase in biomass production continued in the fourth quarter with December seeing all-time high production despite batch 1 being fully harvested out early in the month. The positive trend has continued into 2023. As per 31

January the Group had a total standing biomass of 970 tonnes of which 111 tonnes at our smolt facility.

The Company continues to see very low mortality levels, even as the density levels are increasing. For batch 2 the accumulated mortality stood at 1.2% per 31 January 2023, clearly outperforming the levels seen for batch 1. For batch 3 and 4, mortality levels are even lower, demonstrating the benefits of having a controlled environment with minimal manual handling of the salmon.

The Company highlights 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. Such modification work will from time to time require pauses in feeding which also should be taken into consideration when evaluating the biological performance.

First harvest ready for shipment (December 2022)



Photo: Salmon Evolution

Project status - Indre Harøy phase 1

Indre Harøy phase 1 is expected to be completed during Q1 2023. All buildings and structural facilities are now completed and the construction work during the fourth quarter was centred around installation of equipment, piping, system integration and commissioning.

As of today most of the installation work and piping is completed and the main focus is now on testing and commissioning of the last tanks with corresponding technical rooms.

Currently, 8 out of 12 tanks have been handed over to the Company with the remaining 4 tanks to be handed over during February and March. This will allow for streamlining of the production process with two “production lines”, each consisting of 6 tanks and where fish groups are regularly split and transferred to the next departments allowing for stocking of new batches in emptied tanks.

Indre Harøy phase 1 (December 2022)



Photo: Salmon Evolution

Project financials Indre Harøy phase 1

Indre Harøy phase 1 capex amounted to NOK 115m during the fourth quarter. In addition, NOK 13m of internal G&A including construction loan interest were capitalized.

As per 31 December 2022, accumulated capex from project initiation in 2019 amounted to NOK 1,578 million¹⁾. In addition, accumulated capitalized G&A including construction loan interest amounted to NOK 110 million (including capitalized finance costs).

The accumulated phase 1 capex to date of NOK 1,578m compares to previous guiding of

phase 1 completion capex of NOK 1,560-1,590m. With the project now being almost completed, the remaining phase 1 capex is expected to be moderate. The exact amount will depend on several factors, including finalization of contract settlements with suppliers, chosen de- and remobilization strategy between phase 1 and phase 2 and overall productivity during the remaining commissioning work.

Indre Harøy phase 2

Similar to the third quarter, the preparatory activities for phase 2 have continued during the fourth 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.

Salmon Evolution is seeing clear signs of normalization in the construction market, evidenced by an increasing level of availability amongst various types of suppliers relevant for phase 2.

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.

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 Company has also completed some blasting and excavation works for the fish tanks for phase 2 to verify that this would not negatively effect the ongoing farming operations. This also went according to plan with no negative biological effects observed.

Phase 2 preparatory activities are moderate from a financial perspective. 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, when phase 2 is formally initiated, the first 6-9 months are relatively capex light.

1) Net of grants directly tied to capital expenditure and exclusive of internal capitalized G&A costs including construction loan interest

Indre Harøy phase 2 illustration

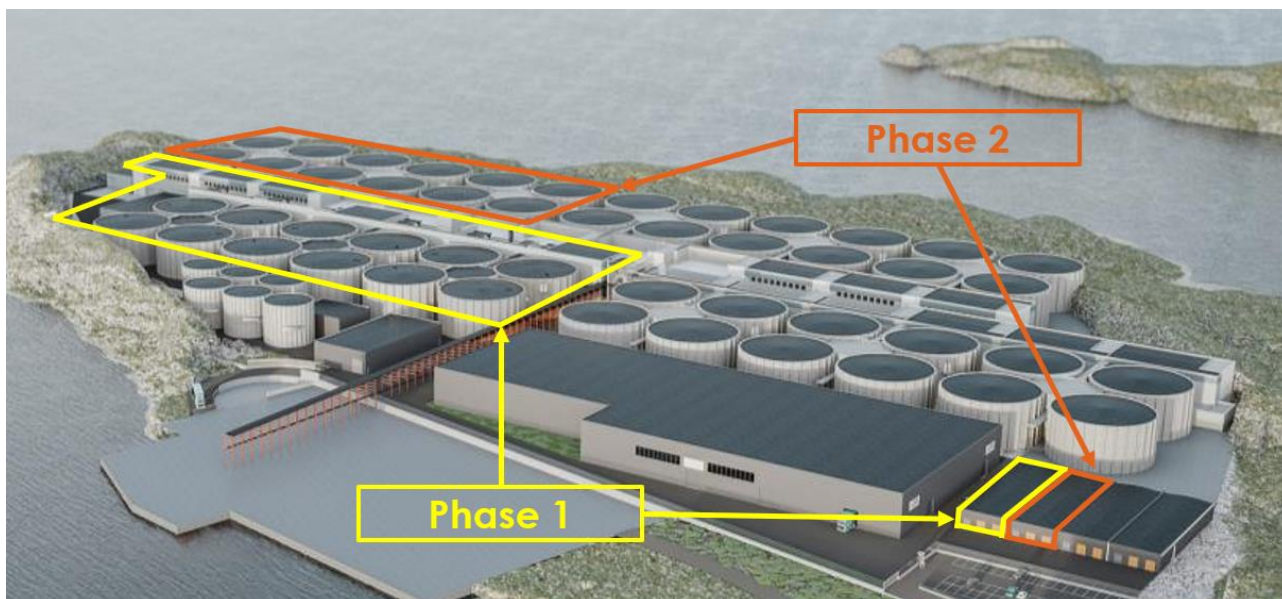


Illustration: Salmon Evolution

As part of the phase 2 project Salmon Evolution is also developing an expansion plan for our smolt facility so that the facility 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

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 project.

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

smolt to the grow out facility in Yangyang. The acquired smolt facility has been producing freshwater trout for many years.



Yangyang on-growing site



Jeongseon smolt site

Project status

During the fourth quarter focus continued to be 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 has been made on the design for the smolt facility which is now set for 90% design review during Q1 2023. This review is expected to be followed by commencement of early construction works.

Design work for the grow-out facility in Yangyang was intensified during the fourth quarter with focus on implementing learning effects from Indre Harøy alongside incorporating required site-specific changes.

K Smart is also working actively with the permitting processes and significant resources have been devoted to document the environmental effect of the project. Contrary to Norway, land-based salmon farming is a new industry in South Korea and regulatory processes takes time, but 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, allowing for construction start of grow-out facility during 2023.

Illustration grow-out facility Yangyang



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 continues to evaluate selected identified potential production sites in North America, both on the US and Canadian side of the border. 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 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.

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.

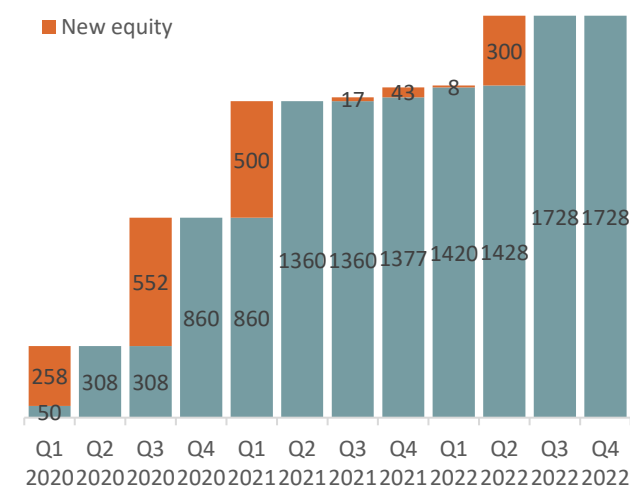
The group further raised NOK 16.6m in new equity in August 2021 as part consideration for the acquisition of Kraft Laks.

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 31 December 2022, NOK 495 million was drawn under the Construction Facility, leaving NOK 30 million undrawn. In addition, the Company has drawn NOK 30 million of the Overdraft Facility.

Funding Indre Harøy Phase 2

The Company is currently in advanced discussions with banks for debt financing of phase 2. The feedback from banks has been very positive and the Company expects both

significantly higher leverage for phase 2 compared to phase 1 as well as improved overall terms and cost.

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 was initially estimated to about NOK 200 million on a fully funded basis, including phase 2. The equity contribution is split in 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 Krafft 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.

- 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

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.

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.

The bank debt package is split across three separate facilities and will be used as follows:

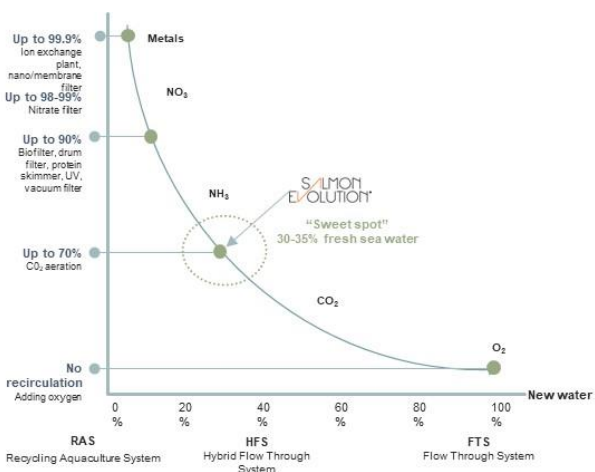
As per 31 December 2022 about NOK 30m of the NOK 52m debt financing package was drawn.

Extending the ocean potential

Our Technology – Hybrid flow through system (HFS)

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

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



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

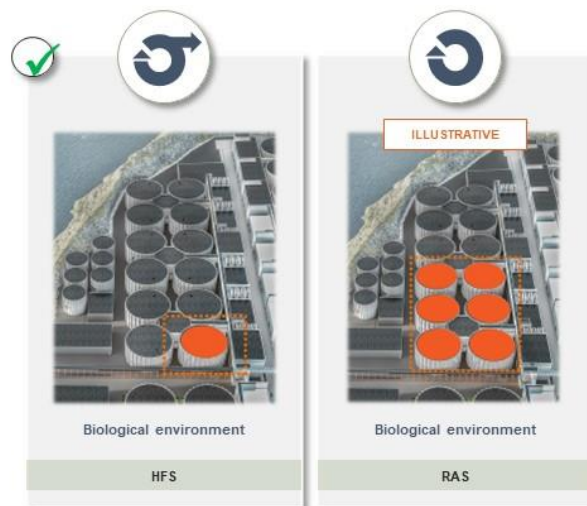
At Indre Harøy the seawater intake is based on two inlet pipes at 25 meters and 95 meters, respectively, enabling the Company to tap into

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	Q4 2022	Q4 2021	2022	2021
Revenue from contracts with customers	2	26,814	0	46,107	12,047
Other income		1,594	5	1,574	209
Total operating income		28,408	5	47,681	12,257
Cost of materials	4,5	-16,498	-681	-34,706	-2,610
Change in inventory	4,5	8,587	2,223	34,077	1,702
Personnel expenses	12	-16,609	-6,918	-49,996	-21,067
Other operating expenses		-26,520	-6,228	-65,538	-25,894
Operational EBITDA		-22,631	-11,599	-68,481	-35,612
Depreciations	3	-2,108	-819	-6,190	-2,229
Operational EBIT		-24,739	-12,418	-74,671	-37,841
Fair value adjustment of biomass	4	2,868	0	11,740	0
Operating Profit (EBIT)		-21,872	-12,418	-62,931	-37,841
Financial income	7	17,648	3,389	35,322	12,852
Financial expense	7	-1,817	-2,069	-4,170	-7,335
Share of net income from associated companies	7	-451	-660	-947	-634
Financial expense - net		15,380	661	30,205	4,884
Profit/loss before tax	9	-6,492	-11,757	-32,726	-32,957
Income tax expense	9	0	0	0	-1,026
Change in deferred tax		0	0	0	7,539
Profit/loss for the period	10	-6,492	-11,757	-32,726	-26,444
Basic earnings per share (NOK)	10	-0,02	-0,04	-0,10	-0,09
Diluted earnings per share (NOK)	10	-0,02	-0,04	-0,10	-0,09

Statement of Comprehensive Income

Profit/(loss) for the period		-6,492	-11,757	-32,726	-26,444
Exchange difference on translating foreign operation	7,8	865	25	1,363	-560
Total comprehensive income for the period		-5,626	-11,732	-31,362	-27,004

Q4 2022 results

The Group generated total operating revenues of NOK 28.4 million in the fourth quarter of 2022. There were no revenues in the same period last year.

Personnel expenses for the quarter totalled NOK 16.6 million. During the quarter approximately

16% of the total personnel expenses were capitalized and allocated to the building project at Indre Harøy.

Other operating expenses totalled to NOK 26.5 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 fair value adjustment related to the biomass (NOK 2.9 million), operating loss for the period ended at NOK 21.9 million.

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

Full year 2022 results

Total revenues for 2022 accumulates to NOK 47.7 million for the Group. The revenues are directly related to both the sale of smolt from Salmon Evolution Dale to an external client and sale of salmon from Indre Harøy.

Personnel expenses as per 31 December 2022 sums up to NOK 50.0 million. Year-to-date approximately 32% of the total personnel expenses are capitalized and allocated to the building project at Indre Harøy.

Other operating expenses totalled NOK 65.5 million, which is NOK 39.6 million higher than for the same period last year. The increase reflects the higher activity level in the Company, continued operating expenses at Indre Harøy and South Korea, the establishment in North

Cash flow

Consolidated net cash flow from operating activities was NOK -54.6 million in the fourth quarter of 2022 compared to NOK -55.0 million for the same period last year.

Net cash flow from investment activities was NOK -194.3 million during the fourth quarter, and NOK -806.0 million for 2022 in total.

Net financials for the quarter were positive at NOK 15.4 million, where most of the effect is related to unrealized changes in value of interest rate swaps and power supply contract.

Loss for the quarter was NOK 6.5 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.

America, alongside, and other administration expenses.

Year-to-date the Company has made fair value adjustments of the biomass of NOK 11.7 million leaving an operating profit for the full year at NOK -62.9 million.

Total depreciations were NOK 6.2 million and net financials was positive with NOK 30.2 million, including unrealized changes in value of both interest rate swaps and the power supply contract, in total NOK 25.5 million.

Loss before tax was NOK 32.7 million as per 31 December 2022.

Assets under construction are not depreciated.

Cash flow from financing activities during the quarter was NOK 70.5 million, which mainly consist of drawdowns on the Construction facility and overdraft facilities.

Total net cash flow during the fourth quarter was NOK -178.4 million. The liquidity position at the end of the period was strong, with cash and cash equivalents of NOK 278.8 million and total available liquidity of NOK 400 million including committed undrawn credit facilities.

Cash flow summary

(figures in NOK 1000)

	Q4 2022	Q4 2021	2022	2021
Net cash flow from operating activities	-54 554	-54 993	-69 368	-67 376
Net cash flow from investments activities	-194 270	-214 292	-805 971	-754 553
Net cash flow from financing activities	70 462	198 076	648 554	679 668
Net change in cash and cash equivalents	-178 361	-71 209	-226 785	-142 261
Cash and cash equivalents at start of period	457 120	576 753	505 545	647 806
Cash and cash equivalents at end of period	278 759	505 545	278 759	505 545

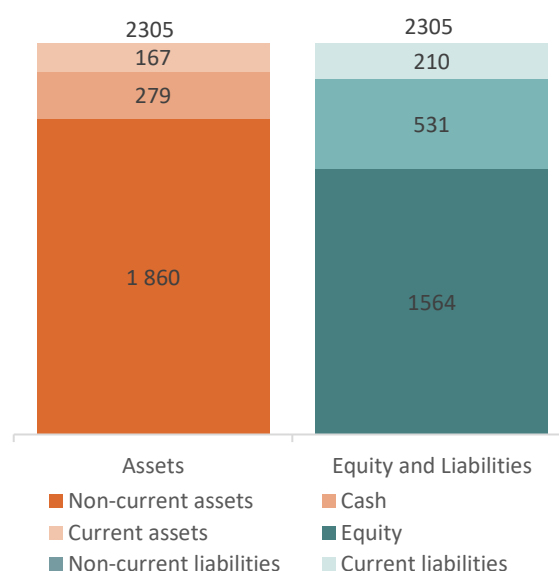
Financial position

The carrying amount of Salmon Evolution's total fixed assets as of 31 December 2022 was NOK 1,860 million, compared to NOK 1,079 million 31 December 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 1,564 million. With total assets of NOK 2,305 million, this corresponds to an equity ratio of 68%. Consolidated interest-bearing liabilities totalled NOK 582 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 31.12.2022 (NOK million)

Source: Company data

Both grants are recognized in the financial accounts as a reduction of fixed assets. As of Q4 2022 the Company has recognized NOK 14.3 million in Skattefunn grants and NOK 96.8 million in Enova grants of which NOK 9.5 million and NOK 77.1 million have been received by 31 December 2022, respectively.

As per 31 December 2022 the Company had bank debt of NOK 556 million, mainly relating to the Construction Facility for Indre Harøy. For further description of the financing package see section "Funding" above.

Subsequent events

Strengthening the executive management team

In January 2023 Trond Håkon Schaug-Pettersen was appointed CEO of the Company. Schaug-Pettersen was appointed CFO of Salmon Evolution in October 2020 and has since October 2022 also held the position as interim CEO.

The Company also appointed Trond Vadset Veibust (37) as new CFO. Veibust comes from Ekornes where he has been for 8 years, of which for the last 3 years as a member of the executive management. Veibust will join Salmon Evolution during the second quarter of 2023.

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 31 December 2022.

Share information

As per 31 December 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 56.9% of the shares in the Company.

The closing price for the Company's share was NOK 8.27 per share as per 31 December, which corresponded to a market capitalization of NOK ~2.9 billion.

During the quarter the average daily, traded volume was about 590,000 shares and the average daily traded value was about NOK 5.1 million (Oslo Børs).

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

20 largest shareholders 31 December 2022

Shareholder	# of shares	% share
Ronja Capital II AS	27 393 242	7,9 %
The Bank of New York Mellon SA/NV	22 310 787	6,5 %
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	8 141 141	2,4 %
Mevold Invest AS	7 994 252	2,3 %
Lynghem Invest AS	7 810 734	2,3 %
Jakob Hatteland Holding AS	7 441 374	2,2 %
Ewos AS	7 418 309	2,1 %
Bortebakken AS	7 301 134	2,1 %
Verdipapirfondet Dnb Norge	5 717 376	1,7 %
Nordnet Livsforsikring AS	5 278 862	1,5 %
Verdipapirfondet DNB SMB	4 685 346	1,4 %
VPF DNB Norge Selektiv	4 518 643	1,3 %
Salmoserve AS	3 782 921	1,1 %
CACEIS Bank	3 033 333	0,9 %
Småge Eiendom AS	2 788 245	0,8 %
Total 20 largest shareholders	196 624 677	56,9 %
Other shareholders	149 130 145	43,1 %
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 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 salmon prices have remained strong, costs are also increasing. As of 31 December 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 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 31 December 2022, outstanding loans from credit institutions amounted to NOK 556 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.

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

2022 was a step change year for Salmon Evolution starting with the batch 1 smolt release in March as per the original timeline and rounded off by fully harvesting out our first batch with excellent results. Through this great achievement the Company has demonstrated that it is possible to produce salmon on land, all the way to full harvest weight, at an industrial scale, with strong biological performance and with the end result being an excellent quality product.

Throughout 2022 the Company has been gradually ramping up production and a total of four batches have been stocked at Indre Harøy of which the last one in December being a "full size" batch. The next smolt release is scheduled for February and throughout 2023 the Company will release smolt every second month ensuring that the regularity in harvest volumes will gradually increase over the coming quarters.

Batch 2 is planned harvested during the second quarter and from late Q3 2023 the Company expects to reach steady state production levels, yielding an annualized production of 7,900 tons HOG from Indre Harøy phase 1.

The Company is very satisfied with the biological results seen in 2022 and see the results achieved as a clear proof of concept as to the assumptions in our production plan. Although taking a facility like this into operation is a huge task that involve a lot of learning and tuning in the beginning, the biological performance has exceeded expectations. Furthermore, the Company is satisfied to see that the mortality levels have been very low, with the latest batches even outperforming both batch 1 and 2.

Batch 1 was harvested in three rounds from early November to early December, after only 7-8 months of production. The salmon was distributed worldwide to selected customers

and partners in different segments and channels. The Company has received strong feedback as to the product quality which was also confirmed by an industry leading superior share of 96% for batch 1 as a whole. Furthermore, the harvest demonstrated that our salmon is well suited for both conventional cooking, raw consumption and smoked production. This creates a lot of flexibility for our downstream operations as we gradually increase harvest volumes over the coming quarters.

Total Norwegian exports of salmon during Q4 2022 was 425,000 tons compared to 431,000 tons in Q3 2021, a decrease of 1.4%. For 2022 as a whole, total exports ended at 1,441,000 tons compared to 1,478,000 tons in 2021, a decrease of 2.5%.

Average Fishpool salmon price in 2022 was NOK 83.2/kg compared to NOK 58.3/kg in 2021, an increase of 43% year on year. Such significant price increase clearly demonstrates the strong underlying demand for salmon. Going into 2023 prices have remained strong and forward prices for 2023 point to record high prices also this year. 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.

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 utilize the demand potential.

After almost one year of successful farming operations and with phase 1 expected to be completed during the first quarter, the

Company is in a unique position to execute on its growth plan and solidifying its position as the global leader within land-based salmon farming.

First harvest successfully completed (November 2022)



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 31 December 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 07 February 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

Håkon André Berg
Director

Trond Håkon Schaug-
Petterson
CEO

Interim financial statements (IFRS)

Statement of Profit and Loss

Summary of result					
(figures in NOK 1000)	Note	Q4 2022	Q4 2021	2022	2021
Revenue from contracts with customers	2	26,814	0	46,107	12,047
Other income		1,594	5	1,574	209
Total operating income		28,408	5	47,681	12,257
Cost of materials	4,5	-16,498	-681	-34,706	-2,610
Change in inventory	4,5	8,587	2,223	34,077	1,702
Personnel expenses	12	-16,609	-6,918	-49,996	-21,067
Other operating expenses		-26,520	-6,228	-65,538	-25,894
Operational EBITDA		-22,631	-11,599	-68,481	-35,612
Depreciations	3	-2,108	-819	-6,190	-2,229
Operational EBIT		-24,739	-12,418	-74,671	-37,841
Fair value adjustment of biomass	4	2,868	0	11,740	0
Operating Profit (EBIT)		-21,872	-12,418	-62,931	-37,841
Financial income	7	17,648	3,389	35,322	12,852
Financial expense	7	-1,817	-2,069	-4,170	-7,335
Share of net income from associated companies	7	-451	-660	-947	-634
Financial expense - net		15,380	661	30,205	4,884
Profit/loss before tax	9	-6,492	-11,757	-32,726	-32,957
Income tax expense	9	0	0	0	-1,026
Change in deferred tax		0	0	0	7,539
Profit/loss for the period	10	-6,492	-11,757	-32,726	-26,444
Basic earnings per share (NOK)	10	-0,02	-0,04	-0,10	-0,09
Diluted earnings per share (NOK)	10	-0,02	-0,04	-0,10	-0,09
Statement of Comprehensive Income					
Profit/(loss) for the period		-6,492	-11,757	-32,726	-26,444
Exchange difference on translating foreign operation	7,8	865	25	1,363	-560
Total comprehensive income for the period		-5,626	-11,732	-31,362	-27,004

Statements of financial position

(figures in NOK 1000)	Note	31 Dec 2022	31 Dec 2021
Assets			
Intangible assets	3	65,149	62,586
Deferred tax assets	9	1,026	1,026
Assets under construction	1,3	1,713,490	971,122
Property, plant & equipment	3	30,541	15,601
Right-of-use assets	3	13,001	2,112
Investment in associated companies	8	26,635	26,219
Total non-current assets		1,859,843	1,078,664
Inventory	4	60,867	15,050
Trade receivables		23,080	382
Other current receivables		66,951	104,724
Financial derivatives	7	25,622	1,538
Cash and cash equivalents		278,759	505,545
Total current assets		445,280	627,239
Total assets		2,305,122	1,705,903
Equity and liabilities			
Share capital	11	17,288	15,540
Share premium	11	1,627,073	1,334,283
Other reserves	12	8,320	5,118
Other equity		0	0
Uncovered losses		-88,774	-57,411
Total equity		1,563,906	1,297,530
Long-term interest-bearing debt	6	513,169	212,352
Lease liabilities - long term	6	9,676	892
Other long-term liabilities	6	8,549	7,976
Total non-current liabilities		531,393	221,221
Short-term interest-bearing debt	6	55,353	13,086
Trade payables		135,098	162,071
Social security and other taxes		6,035	4,946
Lease liabilities - short term	6	3,553	1,236
Other short-term liabilities		9,783	5,812
Total current liabilities		209,822	187,152
Total liabilities		741,216	408,373
Total equity and liabilities		2,305,122	1,705,903

Statement of cash flow

(figures in NOK 1000)	Note	Q4 2022	Q4 2021	2022	2021
Cash flow from operations					
Profit before income taxes		-6,492	-12,085	-32,726	-32,957
Adjustments for:					
Depreciation		2,108	819	6,190	2,229
Net finance		-15,380	-992	-30,205	-4,884
Share based payment expenses	12	-675	0	3,201	1,624
Gain on lease modification				0	66
Changes in working capital:					
Change in trade receivables		-21,257	0	-22,698	-382
Change in other current receivables		-14,642	-51,786	37,774	-29,217
Change in inventory		-11,455	-2,223	-45,817	-1,702
Change in trade payables		4,531	7,389	2,047	-684
Change in social security and other taxes		1,910	895	1,089	-4,387
Change in other current liabilities		2,778	1,998	3,971	3,584
Cash generated from operations		-58,575	-55,985	-77,175	-66,710
Financial expenses paid		-6,421	-2,069	-15,079	-11,980
Financial income received		10,442	3,061	22,886	11,315
Net cash flow from operations		-54,554	-54,993	-69,368	-67,376
Cash flow from investment activities					
Payments for fixed assets and other capitalizations	3	-143,411	-228,635	-805,388	-797,959
Payments for intangible assets	3	-1,438	-3,374	-2,564	-881
Acquisitions		0	0	0	-27,249
Change in trade payables investments		-49,421	16,926	-29,020	98,315
Investment in associated companies		0	791	0	-26,779
Net cash flow from investment activities		-194,270	-214,292	-805,971	-754,553
Cash flow from financing activities					
Proceeds from issue of equity		0	43,841	294,538	517,868
Proceeds from new borrowings	6	68,027	157,976	356,253	202,600
Repayment of borrowings		0	-200	-13,337	-40,800
Repayment of lease liabilities		2,435	-3,542	11,099	0
Net cash flow from financing activities		70,462	198,076	648,554	679,668
Net change in cash and cash equivalents		-178,361	-71,209	-226,785	-142,261
Cash and cash equ. at the beginning of the period		457,120	576,753	505,545	647,806
Cash and cash equ. at the end of the period		278,759	505,545	278,759	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	-26 444	-26 444
Other comprehensive income	0	0	0	0	-560	-560
Total comprehensive income	0	0	0	0	-27 004	-27 004
Capital increase 18 March 2021	4 167	495 833	0	0	0	500 000
Capital increase 18 March 2021, transaction costs	0	-24 850	0	0	0	-24 850
Company registration expenses	0	-6	0	0	0	-6
Private placement, 18 August 2021	110	16 490	0	0	0	16 600
Private placement, 22 October 2021	277	42 447	0	0	0	42 724
Share options issued	0	0	1 624	0	0	1 624
Share options exercised	0	0	520	-520	0	0
Transactions with owners	4 553	529 914	2 144	-520	0	536 092
Balance at 31 Dec 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	-32 726	-32 726
Other comprehensive income	0	0	0	0	1 363	1 363
Total comprehensive income	0	0	0	0	-31 362	-31 362
Private placement, 5 April 2022	1 129	202 041	0	0	0	203 169
Private placement, 2 May 2022	538	96 293	0	0	0	96 831
Private placement, transaction costs	0	-13 267	0	0	0	-13 267
Share options issued	0	0	3 201	0	0	3 202
Share options exercised	81	7 724	0	0	0	7 805
Transactions with owners	1 748	292 791	3 201	0	0	297 740
Balance at 31 Dec 2022	17 288	1 627 073	8 320	0	-88 774	1 563 906

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 07 February 2022.

These interim financial statements have not been audited.

Consolidation

These condensed consolidated statements for the period ended 31 December 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.

In 2022 the Group established two new companies – Salmon Evolution North America Holdings LLC and Salmon Evolution North America LLC. Both companies are wholly owned by Salmon Evolution, but the legal entities had no activity during 2022.

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

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.

Straight-line depreciation is applied over the useful life of property, plant, and equipment

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

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

operational existence for the foreseeable future.

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 31.12.2022 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.

On the same note, all operating income is associated to the fact that the Company is still in a test-phase for its only operating facility.

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.

required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred.

Note 2 – Segment

The Group has from Q4 2022 implemented segment reporting which consists of production of farmed salmon in Norway (Farming Norway), other activities, and Eliminations. The segment performance is monitored in order to assess performance and profitability at a strategic level.

The same accounting principles as described in Note 1 have been applied for the segment reporting, where intern transactions are entered into under normal commercial terms and conditions.

(In thousand NOK)	Farming Norway	Other	Eliminations	Group
Q4 2022				
Operating revenue	26 814	6 872	-5 279	28 408
Operational EBITDA	-9 432	-13 200	0	-22 631
Operational EBIT	-10 692	-14 048	0	-24 739
Harvested volum (tonnes, HOG)	340			340
Operational EBITDA/kg (NOK)	-27,7			-66,6
Operational EBIT/kg (NOK)	-31,4			-72,8
Q4 2021				
Operating revenue				5
Operational EBITDA				-11 599
Operational EBIT				-12 418
Harvested volum (tonnes, HOG)				
Operational EBITDA/kg (NOK)				
Operational EBIT/kg (NOK)				
FY 2022				
Operating revenue				47 681
Operational EBITDA				-68 481
Operational EBIT				-74 671
Harvested volum (tonnes, HOG)				
Operational EBITDA/kg (NOK)				
Operational EBIT/kg (NOK)				
FY 2021				
Operating revenue				12 257
Operational EBITDA				-35 612
Operational EBIT				-37 841
Harvested volum (tonnes, HOG)				
Operational EBITDA/kg (NOK)				
Operational EBIT/kg (NOK)				

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	62 154	751 196	7 607	8 227	2 079	831 263
Disposals						
Cost 31 December 2021	62 586	971 122	7 607	8 966	3 997	1 054 278
Accumulated depreciation 1 January 2021	0	0	0	-107	-521	-628
Depreciation for the period	0	0	-302	-563	-1 364	-2 229
Net book value 31 December 2021	62 586	971 122	7 305	8 296	2 112	1 051 420

(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	2 564	742 368	0	17 453	14 566	776 951
Disposals						
Cost 31 December 2022	65 149	1 713 490	7 607	26 419	18 562	1 831 228
Accumulated depreciation 1 January 2022	0	0	-302	-670	-1 885	-2 857
Depreciation for the period	0	0	-649	-1 864	-3 676	-6 189
Net book value 31 December 2022	65 149	1 713 490	6 656	23 885	13 001	1 822 182

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 31.12.2022 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 31 December 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 fish greater than 4.6 kg is ready for harvest (about 3.8 kg gutted weight), and such fish is thus classified as harvestable fish. Fish that have not achieved this weight are classified as non-harvestable.

The estimated biomass volume is based on the actual number of individuals in the grow-out departments on the balance sheet date, adjusted for projected mortality up to harvest time and multiplied with the estimated harvest weight per individual at harvest time.

Sales price for the fish in the grow-out facility is based on forward prices from Fish Pool with relevant adjustments. For Q2 2023 a discount of NOK 10/kg is applied due to high uncertainty in the contract market following the Norwegian Government's proposed resource tax. The net sales value is adjusted for expected quality differences and harvesting, logistic and sales expenses.

BOOK VALUE OF INVENTORY	NOK 1000		
	Q4 2022	Q2 2022	Q4 2021
Raw materials	1,941	1,112	112
Biological assets	58,927	19,002	14,939
Finished goods	-	-	-
Total	60,867	20,114	15,050

BIOLOGICAL ASSETS	TONNES			
	Q4 2022	FY 2022	Q4 2021	FY 2021
Biological assets beginning of period	625	182	144	101
Increase due to production	525	1,131	38	173
Reduction due to harvest/sale	-417	-580	-	-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	733	733	182	182

BIOLOGICAL ASSETS	NOK 1000			
	Q4 2022	FY 2022	Q4 2021	FY 2021
Biological assets beginning of period	47,185	14,939	12,537	12,044
Increase due to production	34,075	70,238	2,402	10,150
Reduction due to harvest/sale	-25,201	-37,990	0	-7,255
Reduction due to incident based mortality	0	0	0	0
Fair value adjustment beginning of period	-8,873	0	0	0
Fair value adjustment end of period	11,740	11,740	0	0
Biological assets end of period	58,927	58,927	14,939	14,939

Specification of biological assets

Biological assets per 31.12.2022	Number of fish (1000)	Biomass (tonnes)	Cost of production (NOK 1000)	Fair value adjustment (NOK 1000)	Carrying amount (NOK 1000)
Smolt	2 305	96	12 681	-	12 681
Non-harvestable fish (<4.6 kg)	695	637	34 506	11 740	46 246
Harvestable fish (>4.6 kg)	-	-	-	-	-
Total	3 000	733	47 187	11 740	58 927

Biological assets per 31.12.2021	Number of fish (1000)	Biomass (tonnes)	Cost of production (NOK 1000)	Fair value adjustment (NOK 1000)	Carrying amount (NOK 1000)
Smolt	2 275	182	14 939	-	14 939
Non-harvestable fish (<4.6 kg)	-	-	-	-	-
Harvestable fish (>4.6 kg)	-	-	-	-	-
Total	2 275	182	14 939	-	14 939

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 31.12.2022 this adjustment amounted to NOK 13.6 million which has been expensed directly in the profit and loss statement. The corresponding figure for Q4 2022 amounted to NOK 5.5 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 only partly in the fair value adjustment figures.

Note 5 – Cost of Goods Sold

(numbers in thousand NOK)	Q4 2022	Q4 2021	FY 2022	FY 2021
Cost of goods sold	-7 910	1 542	-629	-908

Composition COGS:

Raw material cost	-16 498	-681	-34 706	-5 282
Inventory change	8 587	2 223	34 077	4 374
Sum	-7 910	1 542	-629	-908

Composition inventory change:

Change due to production	34 075	2 402	70 238	10 150
Change due to harvest/sale	-25 201	0	-37 990	-7 255
Change due to incident based mortality	0	0	0	0
Change inventory raw material	-287	-179	1 829	1 479
Sum	8 587	2 223	34 077	4 374

Composition - change due to production:

Raw material cost	16 785	927	32 877	3 319
Salaries	4 153	496	10 260	2 509
Other operating expenses	13 138	979	27 101	4 322
Sum	34 075	2 402	70 238	10 150

Note 6 – Interest-bearing debt

Long-term interest bearing debt		
(NOK thousand)	31.12.2022	31.12.2021
Debt to credit institutions	513 169	200 000
Other long-term interest bearing debt	-	12 352
Leasing liabilities	9 676	892
Total long-term interest-bearing debt	522 844	213 245
Short-term interest bearing debt		
(NOK thousand)	31.12.2022	31.12.2021
Debt to credit institutions	42 512	733
Other short-term interest bearing debt	12 841	12 352
Leasing liabilities	3 553	1 236
Total short-term interest-bearing debt	58 906	14 322
Total interest-bearing debt	581 750	227 567
Cash & cash equivalents	278 759	505 545
Net interest-bearing debt	302 990	-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 31.12.22 the Group had made drawdowns of NOK 495 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 30 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 30 million was drawn as per 31 December 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 31.12.2022 the Company has NOK 12.8 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	42 512	313 169
Seller credit Kraft Laks	12 841	-12 352
Obligations due to land and water rights	-	-
Change in obligations under leases	2 316	8 784
Balance at Dec 31, 2022	58 906	522 844
Transaction cost related to loans and borrowings	-	
Capitalised borrowing cost	24 115	
Interest expense	3 012	
Change accrued interest	-2 412	
Interest paid	24 714	

Note 7 – Finance income & finance cost

(figures in NOK 1000)

Finance income	Q4 2022	Q4 2021	2022	2021
Interest income	4 027	1 478	8 730	4 057
Net change in value of financial derivatives	13 432	1 537	25 547	1 537
Foreign exchange gains	189	178	1 035	7 062
Other finance income	0	196	10	196
Financial income	17 648	3 389	35 322	12 852
Share of net income from associated companies	-451	-660	-947	-634
Total financial income	17 197	2 729	34 375	12 218

Finance expenses	Q4 2022	Q4 2021	2022	2021
Interest on debts and borrowings	1 153	742	3 012	1 007
Foreign exchange losses	85	1 211	554	6 287
Other finance expenses	579	40	604	40
Total financial expenses	1 817	2 069	4 170	7 335

Net financial income/- expenses	15 380	661	30 204	4 884
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Fair value adjustments - financial assets

(NOK thousand)	2022	2021
Unrealised changes in the value of interest rate swap	10 455	1 263
Unrealised changes in the value of contract related to power supply	13 629	274
Realised profit (loss) related to power supply contract	1 463	-
Fair value adjustments recognised in profit and loss	25 547	1 537

The Group did not have any fair value adjustments of financial liabilities in 2022.

Note 8 – Investment in associated companies

The group has the following investments in associated companies:

(figures in NOK 1000)	Country	Ownership	Voting share
K Smart Farming Co., Ltd	Korea	49 %	49 %
Investment cost 31.05.21		27 413	
Share of net income 2021		-634	
Foreign currency translation gain/(loss) 2021		-560	
Net book value 31 December 2021		26 219	
Share of net income YTD 2022		-947	
Foreign currency translation gain/(loss) YTD 2022		1 363	
Net book value 31 December 2022		26 635	

Investments in associated companies are recognized using the equity method.

Note 9 – Tax

(figures in NOK 1000)	FY 2022	FY 2021
Profit/loss before tax	-32 726	-26 444
Calculated tax (22%)	-7 200	-5 818
Tax payable	0	0
Change in deferred tax (asset)	-7 200	-5 818
Change in deferred tax not shown in the balance sheet	7 200	5 818
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 31 December 2022 is 22%, compared to 22% for the period ended 31 December 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 10 – Earnings per share

(figures in NOK 1000)	FY 2022	FY 2021
Loss attributable to the equity owners of the Company	-32 726	-26 444
Loss for calculation of diluted earnings per share	-32 726	-26 444
Weighted average number of shares outstanding ¹⁾	337 015 239	291 291 107
Dilutive options	0	0
Average number om shares and options used in calculation for diluted EPS	337 015 239	291 291 107
Basic earnings per share (NOK)	-0,10	-0,09
Diluted earnings per share (NOK)	-0,10	-0,09

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

2022: The Company started the year with 310,796,489 shares. In the end of March shares options to the employees were exercised increasing the total number of shares with 1,625,000, followed by an issue of 33,333,333 new shares in a capital raise in April. Therefor the weighted average number of shares outstanding YTD 2022 has been calculated by applying a weight of 1/4 of the number of shares before the capital raise in Q1 2022 (310,796,489 shares), and 3/4 of the total number of shares after the capital raise (345,754,822 shares).

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 2/12 of the number of shares before the capital raise in March 2021 (219,731,088 shares), 6/12 of the number of shares after the capital raise (303,064,421 shares), and 4/12 of the total number after the final adjustment in September 2021 (305,255,115).

Note 11 – 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 12 – Options

Options

Effects on financial statement:	
NOK thousands	31.12.2022
Other paid-in capital	3 201
Net BS	3 201
	31.12.2022
Option cost	-2 259
Net PL	-2 259
	31.12.2022
Capitalized option cost	-942
Allocated to CAPEX	942

The option- and capitalized option cost is adjusted in this period as the former CEO has chosen to resign, and thereby also losing his option rights in the Company.

Note 13 – 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 in 2022.

Note 14 – Significant and subsequent event

Strengthening the executive management team

In January 2023 Trond Håkon Schaug-Pettersen was appointed CEO of the Company. Schaug-Pettersen was appointed CFO of Salmon Evolution in October 2020 and has since October 2022 also held the position as interim CEO.

The Company also appointed Trond Vadset Veibust (37) as new CFO. Veibust comes from Ekornes where he has been for 8 years, of which for the last 3 years as a member of the executive management. Veibust will join Salmon Evolution during the second quarter of 2023.

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.



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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
Board Member

Håkon André Berg
Board Member

MANAGEMENT

Trond Håkon Schaug-Pettersen
CEO & CFO

Ingjarl Skarvøy
COO

Odd Frode Roaldsnes
CCO

Kamilla Mordal Holo
Chief Project Officer

Henriette Nordstrand
Technical Director

Hans Petter Mortveit
Finance Manager

