



Extending the ocean potential

Q4 2023

SALMON
EVOLUTION®

Highlights

- EBITDA breakeven in farming segment for the first time.
- Harvest volumes of 1,104 tonnes (HOG) in Q4, with an average weight of ~3.5 kg (HOG) and superior share of 90 %.
- Continued strong biological performance, with good appetite and low mortality across the farm. Standing biomass of more than 2,200 tonnes LW per 31 December 2023.
- All-time high biomass production in Q4 with 1,439 tonnes in net biomass growth.
- Q1 QTD volume of 457 tonnes (HOG) having harvested 2/4 groups. Average weight of ~3.9 kg (HOG) and superior share above 95 %.
- On track for production cost on par with conventional farming.
- Available liquidity of NOK 645 million per 31 December 2023 including committed available undrawn credit facilities.

Key figures

Operational	Q4 23	Q4 22	2023	2022
Standing biomass (tonnes, LW)	2 204	733	2 204	733
Net growth (tonnes, LW)	1 439	536	3 751	1 087
Harvest volumes (tonnes, HOG)	1 104	340	1 874	340
All-in price realization/kg (NOK) ¹	76,4	75,9	82,0	75,9
Financial				
Operating revenues (NOK 1000)	88 850	28 408	168 424	47 681
Operational EBITDA ² (NOK 1000)	-16 162	-22 632	-83 950	-68 481
Operational EBIT ² (NOK 1000)	-33 253	-24 739	-130 680	-74 671
Profit (loss) before tax (NOK 1000)	-50 888	-6 492	-145 773	-32 726
Cash flow from operations (NOK 1000)	5 293	-58 575	-126 256	-76 124
Capital structure				
Cash flow from investment activities (NOK 1000)	-67 232	-194 270	-357 002	-796 132
Cash flow from financing activities (NOK 1000)	2 471	74 483	590 897	645 471
Cash and cash equivalents (NOK 1000)	386 396	278 759	386 396	278 759
Net interest-bearing debt (NOK 1000)	299 386	302 990	299 386	302 990
Equity (NOK 1000)	1 920 693	1 563 906	1 920 693	1 563 906
Equity ratio	71 %	68 %	71 %	68 %
Profitability				
Earnings per share (NOK)	-0,12	-0,02	-0,37	-0,10
Total market value (NOK million, Euronext)	2 806	2 859	2 806	2 859

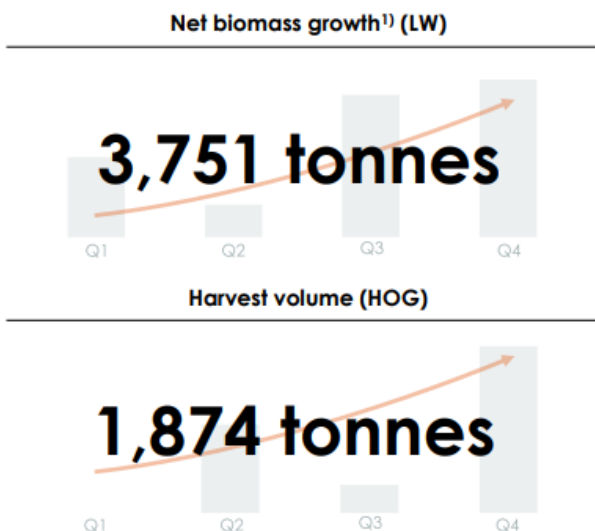
¹Calculated on a back to farm basis and adjusted for transport cost to Norway border (Nasdaq equivalent)

²Before fair value adjustment related to biological assets

Norway

Operations

In 2023, being the first full year in operation, the Company stocked six batches of smolt, had a net biomass growth of 3,751 tonnes and harvested 1,874 tonnes (HOG).



1) Net biomass growth includes mortality and culling

In 2023 Salmon Evolution has steadily been building the biomass at Indre Harøy. Entering 2023 the Company had three batches containing approximately 0.7 million individuals and representing 637 tonnes of biomass. Exiting 2023 Salmon Evolution had about 1.4 million individuals at Indre Harøy. In 2023 the Company harvested 1,874 tonnes (HOG).

In Q4 the Company enjoyed another quarter of good biological performance, ending the quarter with more than 2,200 tonnes of standing biomass and all-time high biomass growth at 1,439 tonnes. Biomass growth in Q4 was impacted by high harvest activity, concentrated in November, temporarily reducing biomass production. Additionally, the

fourth quarter was used to streamline the two 'production lines' at Indre Harøy, leading to a higher-than-normal number fish transfers and starving days. The high activity at Indre Harøy had limited impact on other key parameters. Mortality ended at 1.2 % in the quarter demonstrating that the Company is operating within its target of 3-5 % mortality on an annual basis.

The Company stocked batch 9 in October while batch 10 was partially stocked in December with the remainder of the volume stocked early January. Operations at the Salmon Evolution Dale smolt facility was impacted by the challenging weather conditions in western Norway in December, causing somewhat lower than normal stocking volume for batch 10. This is however not expected to have any material impact on 2024 biomass production or harvest volumes.

Salmon Evolution harvested a record high 1,104 tonnes (HOG) in Q4 with an average weight of ~3.5 kg (HOG) and 90 % superior share.

In the quarter the Company primarily harvested batch 3 and 4 which was affected by the AGD event in Q2 2023. This slightly impacted harvest weights and superior share. The remaining volume harvested in Q4 was from batch 5. The Company expect gradually increasing harvest weights going forward, which together with further biomass build-up will set the stage for a substantial increase in harvest volumes from Q2 and onwards.

Indre Harøy phase 2

In Q2 of 2023 the Group announced contracts with Artec Aqua and HENT. Indre Harøy phase 2 is split in two parts, with HENT taking responsibility for civil design and construction, and Artec Aqua for design, construction, and commissioning of the process facility.

Phase 2 represents a major milestone in the roadmap to 100kt HOG, by adding another 7.9kt HOG of annual production volume at Indre Harøy and bringing the total up to 15.8 kt HOG per annum.

Throughout the second half of 2023 the Company has completed the initial groundworks for the grow-out section as well as preparations for the intake station.

In parallel, the Company has been working with the contractors to identify cost savings and

efficiency gains compared to phase 1, this work also includes relevant functional improvements. Furthermore, design and engineering activities proceeded according to plan in Q4.

Although phase 2 will benefit from the substantial infrastructure investments taken in phase 1, the Company is seeing inflationary pressure on capex. Hence, the Company has a strong focus on cost optimization and reducing uncertainty as part of the work to establish the final project target price.

The project is subject to final investment decision upon completion of the initial project phase, expected in Q2 2024. This is planned followed by construction start shortly thereafter. Capex the first 6-9 months is expected to be relatively moderate.

Indre Harøy phase 2 illustration



Illustration: Salmon Evolution

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

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

North America

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

Salmon Evolution is currently advanced negotiations on a high-potential site in North America. The initial site verification processes, including fatal flaws analyses of both water, biological, technical, and regulatory aspects, points to this being an ideal site for a hybrid flow-through system.

As previously communicated the focus with respect to sites is centred around areas with an established salmon farming industry, mirroring the Group's approach for Indre Harøy in Norway. Salmon Evolution sees a significant value in leveraging existing aquaculture infrastructure and value chains, enabling both scale and cost leadership, as well as reducing operational and biological risk.



It is expected that site verification and relevant regulatory approval processes will take about two to three years, allowing for construction start during 2026, upon which the plan is to build a full scale 31.5 tonnes HOG "Indre Harøy" facility drawing on the experiences learned from Norway.

To facilitate this expansion, the Group has established a dedicated team of both in-house

and external resources and is currently in the process of ramping this team up.

The Group's strategy of pursuing accretive partnerships in overseas markets remains unchanged. As the project develops, Salmon Evolution aims to engage in partnership structures leveraging the human capital in our Company and maximizing shareholder value.

Korea

Project overview

The Group has a joint venture, K Smart Farming, 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. This is planned completed in two stages, each phase aiming for an annual capacity of 8,400 tonnes HOG.



Yangyang on-growing site

The project consists of a smolt facility at Jeongseon, a grow-out site at Yangyang and certain other infrastructure. At the site for the planned smolt facility at Jeongseon, there has been freshwater trout production for many years. The planned site for the grow-out facility at Yangyang, is located on the northeast coastline of South Korea.



Jeongseon smolt site

Project status

As previously communicated the primary focus over the last quarters has been centred around cost optimization. Completion of design and engineering activities for the grow-out facility at Yangyang and permitting work had good progress in Q4.

The Company currently sees the overall project economics as challenging, primarily driven by site specific circumstances at the Yangyang grow-out site, in particular related to the intake and discharge water solution due to a relatively

long and shallow shoreline at the grow-out site. Additionally, given that Korea has no existing salmon farming industry, certain other infrastructure items and regulatory framework are impacting the project cost as well as operating cost.

The project is currently engaging with relevant authorities in South Korea to shore up government financial support, to improve project economics. Clarification around this is expected during Q2-24.

Funding

Salmon Evolution is continuously seeking to optimize its capital structure, and the Group is actively using the debt and capital markets to fund the roadmap to 100kt HOG.

In March 2021, the Group issued 83,333,333 shares at a subscription price of NOK 6.0 per share, raising gross proceeds of NOK 500 million.

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

In October 2021 the Group carried out a private placement of USD 5m (NOK ~43m) towards Cargill.

Further, in April 2022 the Group carried out a private placement raising gross proceeds of NOK 300 million at a subscription price of NOK 9.00 per share.

Funding Indre Harøy Phase 1 and 2

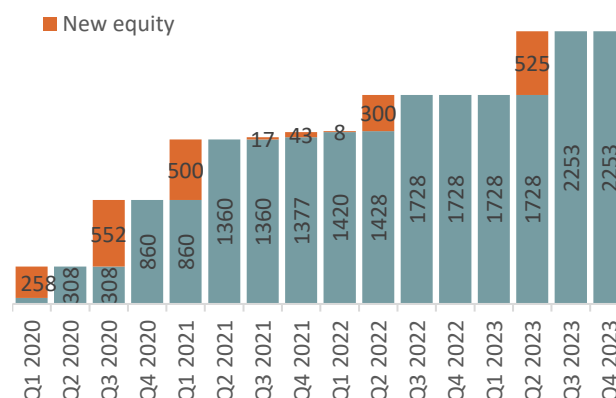
In the first half of 2023 the Group refinanced its existing senior secured debt financing package related to Indre Harøy Phase 1, and secured debt financing for the phase 2 expansion through a NOK 1,550 million green debt financing package.

The new debt financing package consists of the following credit facilities:

- NOK 525 million non-amortizing term loan facility (the "Term loan").
- NOK 250 million RCF facility available for general corporate purposes including Indre Harøy phase 2 capex (the "RCF facility")

In April 2023 the Group carried out a private placement raising gross proceeds of NOK 525 million at a subscription price of NOK 7.7 per share, bringing total raised equity to more than NOK 2.2 billion.

Development in paid-in equity (NOK million)



Source: Group data.

- NOK 775 million construction facility available for financing of capex relating to phase 2 at Indre Harøy (the "Construction Facility").

As per 31 December 2023, the Term Loan of NOK 525 million was fully drawn. Neither the RCF facility or the Construction Facility was drawn year end 2023.

In addition, the Group has a NOK 100m overdraft facility for biomass and receivables financing of which NOK 90 million was drawn at the end of Q4.

Funding Salmon Evolution Dale

The Group has a debt financing package of NOK 60 million in relation to Salmon Evolution Dale at favourable commercial terms reflecting the solid operational and financial track record of the facility.

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

- General corporate purposes, hereunder financing of working capital
- Investments relating to facility upgrades

- NOK 25 million in acquisition financing utilized for refinancing of seller's credit with previous owners

As part of the Indre Harøy phase 2 build out, the Group is evaluating expansion opportunities at Dale. In such scenario further debt financing of Salmon Evolution Dale is expected.

As per 31 December 2023 about NOK 58 million of the NOK 60 million debt financing package was drawn.

Extending the ocean potential

Our Technology – Hybrid flow through system (HFS)

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

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

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, enabling the Company to tap into ideally

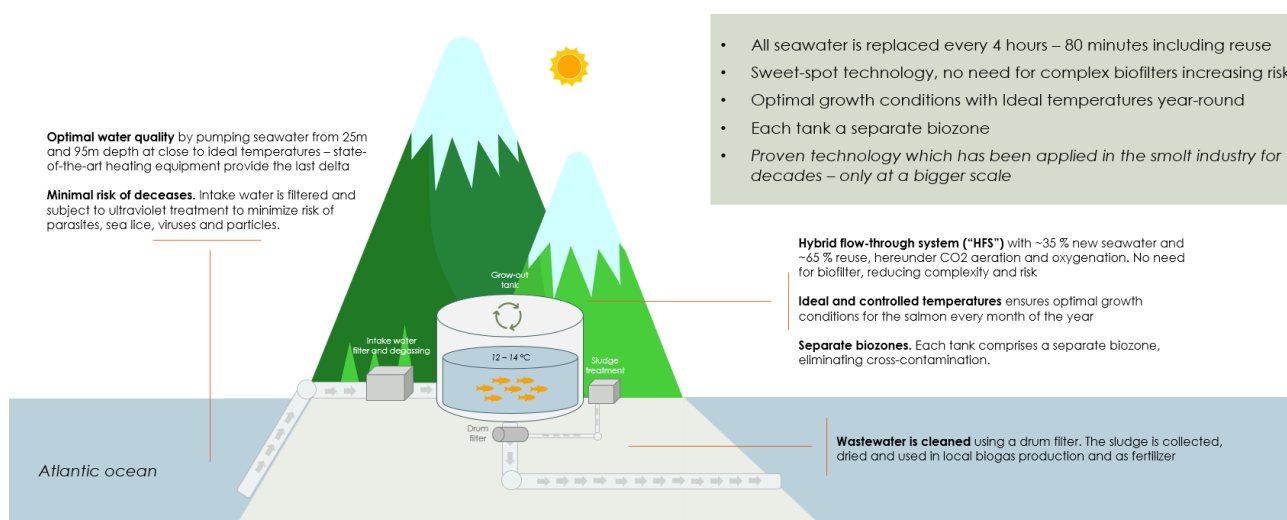
tempered water and hence reducing energy costs relating to heating of seawater.

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.



Group financial review

Revenue and results for the fourth quarter 2023

Summary of result

(figures in NOK 1000)	Q4 23	Q4 22	2023	2022
Total operating revenue	88 850	28 408	168 424	47 681
Operational EBITDA	-16 162	-22 632	-83 950	-68 481
Operational EBIT	-33 253	-24 739	-130 680	-74 671
Fair value adjustment of biomass	-2 606	2 868	20 149	11 740
Operating profit (EBIT)	-35 859	-21 872	-110 532	-62 931
Net financials	-15 029	15 380	-35 241	30 205
Profit/loss before tax	-50 888	-6 492	-145 773	-32 726
Income tax expense	0	0	0	0
Profit/loss for the period	-50 888	-6 492	-145 773	-32 726

Comparable figures for Q4 2022 in brackets

In the fourth quarter the Group recorded operating revenues of NOK 88.9 million (NOK 28.4 million). Most of revenues stem from harvest of fish, where the Group completed harvest of batch 3 and batch 4 during the quarter. Additionally, the Group sold services totalling NOK 5.3 million and had some income from government grants.

Personnel expenses in the quarter totalled NOK 21.2 million (NOK 16.6 million). In Q4 approximately 11% (16%) of the total personnel expenses were capitalized in relation to the Groups ongoing projects.

Other operating expenses totalled to NOK 36.2 million (NOK 26.5 million). This consisted mainly of operating expenses at our facilities in Dale and Indre Harøy, costs related to the expansion projects in South Korea and North America and other administration expenses.

The Group recorded depreciations of NOK 17.1 million (NOK 2.1 million), mostly related to the facility at Indre Harøy. Depreciations for the Indre Harøy facility commenced in May 2023.

After fair value adjustment related to the biomass of NOK -2.6 million, the Group recorded an operating loss of NOK 35.9 million compared to NOK 21.8 million for the same period in 2022.

The Group recorded capacity adjustments for unutilized production capacity of NOK 9.4 million.

Net financials for the quarter were negative at NOK 15.0 million (positive NOK 15.4 million), mostly because of interest rate costs, and changes in value of the interest rate swap contract and power supply contract.

The Group recorded no tax cost for the quarter, and the loss ended at NOK 50.9 million (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.

Farming Norway

Farming Norway	Q4 23	Q4 22	2023	2022
Operating revenue (NOK 1000)	85 850	26 814	158 248	46 054
Operational EBITDA (NOK 1000) ²	43	-9 432	-23 214	-34 135
Operational EBIT (NOK 1000) ²	-16 722	-10 692	-67 932	-38 387
All-in price realization/kg (NOK) ¹	76,4	75,9	82,0	75,9
Harvest volumes (tonnes, HOG)	1 104	340	1 874	340

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

²Before fair value adjustment related to biological assets

The farming operation had all-time high net biomass growth of 1,439 tonnes (LW) in the fourth quarter, as well a standing biomass of 2,204 tonnes (LW) at the end of the quarter.

A record high 1,104 tonnes (HOG) was harvested in Q4, with an average weight of ~3,5 kg (HOG) and 90 % superior share, resulting in sales revenues of NOK 83.6 million. Additionally, the segment had other income of NOK 2.3 million, primarily related to government grants.

The average all-in price realization, calculated on all the fish sold included downgraded fish, was NOK 76.4/kg calculated on a back to farm basis and adjusted for transport cost to Norway border (Nasdaq equivalent), reflecting that most of the harvest took place in November.

The farming segment was EBITDA breakeven in Q4, with an operational EBITDA of NOK 0.1 million before fair value adjustment. The segment recorded capacity adjustments for unutilized production capacity of NOK 9.4 million.

Other

Other	Q4 23	Q4 22	2023	2022
Operating revenue (NOK 1000)	7 525	6 872	27 564	15 292
Operational EBITDA (NOK 1000)	-16 205	-13 200	-60 737	-34 346

The other segment had operating revenues of NOK 7.5 million related to sale of services to Group companies and the K Smart joint venture.

With regards to services rendered to the K Smart joint venture, this mostly relate to consultants which Salmon Evolution has contracted to work on the project, and which are invoiced to K Smart in its entirety.

The operational EBITDA ended at NOK -16.2 million. This was driven by headquarter costs, development costs for the overseas projects,

and general corporate expenses including salaries.

In the Other segment all resources related to projects and the technology department are employed, in addition to other general corporate functions. The Other segment charges group companies a management fee for services rendered. In general, the Group has also taken a conservative approach to capitalizing costs on new projects and developments.

Cash flow

Comparable figures for Q4 2022 in brackets

Consolidated positive net cash flow from operating activities was NOK 5.3 million in Q4 2023 (negative NOK 58.6 million). This was primarily driven by refund of VAT, interest rate income and accounting effects.

Having completed phase 1 at Indre Harøy, the net cash flow from investment activities has been reduced and ended at negative NOK 67.2 million (negative NOK 194.3 million). Investments in Q4 were driven by activities related to the project design for Indre Harøy phase 2, as well as upgrades at the Dale smolt facility. The upgrades will be completed by year-end.

Cash flow from financing activities during the quarter was positive with NOK 2.5 million.

Total net cash flow during the fourth quarter was negative with NOK 59.5 million (negative NOK 178.4 million). The liquidity position at the end of the period was strong, with cash and cash equivalents of NOK 386.4 million.

Total available liquidity ended at of NOK 644.6 million, this includes available committed undrawn credit facilities, but excludes the committed construction facility of NOK 775 million in relation to Indre Harøy Phase 2.

(figures in NOK 1000)	Q4 23	Q4 22	2023	2022
Net cash flow from operating activities	5 293	-58 575	-126 256	-76 124
Net cash flow from investments activities	-67 232	-194 270	-357 005	-796 132
Net cash flow from financing activities	2 471	74 483	590 897	645 471
Net change in cash and cash equivalents	-59 469	-178 361	107 636	-226 786
Cash and cash equivalents at start of period	445 865	457 120	278 759	505 545
Cash and cash equivalents at end of period	386 396	278 759	386 396	278 759

Financial position

Comparable figures for Q4 2022 in brackets

On 31 December the book value of the Group's assets was NOK 2,709.2 million (NOK 2,306.2 million). This is relatively similar to the book value reported on 30 September 2023.

The fixed assets in the Group mostly relate to the facility at Indre Harøy, comprising land, buildings, and production equipment, as well as the Dale smolt facility and other smaller items. There are no significant movements from the previous quarter.

The current assets in the Group are primarily biological assets, other current receivables, and cash & cash equivalents.

Total equity amounted to NOK 1,920.8 million (NOK 1,563.9 million). This corresponds to an equity ratio of 71% (68%).

Consolidated interest-bearing liabilities totalled NOK 685.8 million (NOK 581.8 million) which mainly relates to the financing of Indre Harøy phase 1.

Received grants are recognized in the financial accounts as a reduction of fixed assets. As of Q4 2023 the Group has recognized NOK 14.3 million in Skattefunn grants and NOK 96.8 million in Enova grants of which NOK 14.3 million and NOK 96.8 million have been received by 31 December 2023, respectively.

Revenue and results of 2023

Comparable figures for 2023 in brackets

In 2023 the Group had operating revenues of NOK 168.4 million (NOK 47.7 million), where NOK 153.3 million (NOK 46.1 million) were related to the farming segment. The increase from the same period last year is related to increased harvest volumes. Apart from revenues linked to harvest, the Group have some revenues from sale of services and related to insurance settlement following the mortality incident during the second quarter.

Personnel expenses and other operating expenses amounted to NOK 204.7 million (NOK 115.5 million). The increase from the same period last year is driven by higher activity at the Group's grow-out facility at Indre Harøy than in 2022.

The Group recorded depreciations of NOK 46.7 million (NOK 11.7 million), mostly related to the facility at Indre Harøy. Depreciations for the Indre Harøy facility commenced in May 2023.

After fair value adjustment related to the biomass of NOK 20.1 million, the Group recorded an operating loss of NOK 110.5 million in 2023 compared to NOK 62.9 million in 2022.

Net financials amounted to negative 35.2 million (positive 30.2 million). Most of this effect was related to paid interest and changes in value of the power supply contract, partly offset by a gain on the interest rate swaps.

The Group recorded no tax cost in 2023, and the loss ended at NOK 145.7 million compared to NOK 32.8 million in 2022.

The net cash flow from operating activities in 2023 was negative NOK 126.3 million (NOK 76.1 million).

Having completed the grow-out facility at Indre Harøy in April 2023, the net cash flow from investing activities was significantly reduced in 2023 and ended at negative NOK 357.0 million (negative NOK 796.1 million).

Cash flow from financing activities came in relatively similar in 2023 compared to 2022 at NOK 590.9 million (NOK 645.5 million). In 2023 the cash flow is primarily related to the private placement of NOK 525 million done in April, in the same period in 2022 the Group completed a private place of NOK 300 million as well as new borrowings of NOK 240.6 million.

The net change in cash and cash equivalents for 2023 was NOK 107.6 million, and at year end 2023 cash and cash equivalents amounted to NOK 386.4 million and total available liquidity of NOK 645 million including committed undrawn credit facilities.

Salmon Evolution's share of K Smart's net income is recognized in the profit and loss statement. The investment in K Smart is accounted for using the equity method where K Smart is regarded as an associated company.

Subsequent events

No material subsequent events.

Transactions with related parties

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

There were no material transactions with related parties as per 31 December 2023

Share information

As per 31 December 2023 Ronja Capital II AS was the Group's largest shareholder with 30,140,645 shares, corresponding to 7.3% of the total number of shares outstanding. The 20 largest shareholders held 55.0% of the shares in the Group.

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

During the quarter the average daily traded volume was about 740,000 shares and the average daily traded value was about NOK 4.6 million (Oslo Børs).

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

20 largest shareholders 31 December 2023

Shareholder	# of shares	% share
Ronja Capital II AS	30 140 645	7,3 %
The Bank of New York Mellon SA/NV	26 128 070	6,3 %
Farvatn Private Equity AS	18 939 433	4,6 %
Dongwon Industries Co. Ltd	16 044 572	3,9 %
Rofisk AS	14 537 897	3,5 %
Kjøllås Stansekniver AS	12 506 439	3,0 %
J.P. Morgan SE	11 761 639	2,8 %
Stette Invest AS	11 744 288	2,8 %
Verdipapirfondet Dnb Norge	11 113 276	2,7 %
Ewos AS	9 480 984	2,3 %
Verdipapirfondet DNB SMB	9 302 408	2,2 %
Jakob Hatteland Holding AS	8 758 786	2,1 %
Mevold Invest AS	8 141 141	2,0 %
Lynghem Invest AS	8 049 252	1,9 %
Bortebakken AS	7 856 330	1,9 %
VPF DNB Norge Selektiv	7 424 509	1,8 %
J.P. Morgan SE	4 652 771	1,1 %
Salmoserve AS	4 000 000	1,0 %
Verdipapirfondet Nordea Avkastning	3 578 295	0,9 %
Clearstream Banking S.A.	3 377 732	0,8 %
Total 20 largest shareholders	227 538 467	55,0 %
Other shareholders	186 398 173	45,0 %
Total number of shares	413 936 640	100,0 %

Source: VPS, Company

Risk and uncertainties

As described in the Annual Report for 2022, Salmon Evolution's business activities entail exposure to various types of risk, including risk related to project, market-, operational- and financial development. The Group's internal controls and risk exposure are subject to continuous monitoring and improvement, and efforts to reduce risk in different areas have a high priority. Below is a summary of some of the risks facing the Group.

Operational risk

The greatest operational risk relates to biological incidents within the Group's aquaculture operations. Although Salmon Evolution has been in operations close to two years, land-based salmon farming is still a relatively young industry and is subject to inherent risk by being an industry in a development phase. The Company is vulnerable to errors in technology,

production equipment and maintenance routines as well as diseases which may have a material adverse effect.

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

Project risk

Successful project execution and construction are decisive for the Group's business and comes with numerous risks, including risk for delays or cost overruns.

Due to the size of these construction projects, any material delay or cost overrun could have

adverse effects for the Group's ability to realize its business plan.

In the current contract structure for phase 2 there are moderate risk sharing elements to incentivise realization of the project at target price and on-time.

Market risk

The Company is exposed to the fluctuations and overall development of the salmon prices. Through 2023 salmon prices have remained strong, supported by strong demand. As of 31 December 2023, the Group has not entered any hedging programs to reduce its exposure to the salmon price.

Furthermore, the Group is exposed to changes in market prices for the input factors used in the production process, in particular feed prices and electricity prices. As to the latter, the Group has hedged about half of its expected electricity needs for 2024-2026, with a gradually declining hedging profile.

Interest Rate risk

The Group's interest rate risk relates primarily to borrowings from financial institutions with floating interest rates. Currently, the Group has entered into hedging programs to reduce this risk for parts of its planned borrowings. As of 31 December 2023, outstanding loans from credit institutions amounted to NOK 673.2 million (excluding financial leasing).

The Groups bank loans have an interest rate of NIBOR 3M plus an agreed margin. To reduce exposure to fluctuations in the interest rate the Group has entered interest rate swap contracts for a total amount of NOK 200 million.

Foreign Currency risk

The Group's foreign currency risk relates to the Group's operating, investing, and financing activities denominated in a foreign currency. This includes the Group's revenues, expenses, and capital expenditures. From time to time the group utilizes financial instruments to hedge its

currency exposure. As per 31 December 2023 the Group did not have material any exposure in foreign currency contracts.

The Group's presentation currency is Norwegian Kroner ("NOK").

Credit risk

With respect to credit risk arising from the financial assets of the Group, which comprise cash and cash equivalents, and other receivables, the Group's exposure to credit risk arises from default of the relevant counterparty, with a maximum exposure equal to the carrying

amount of these instruments. The Group has procedures in place to ensure that products are only sold to customers with satisfactory creditworthiness, and in all material respect use credit insurance. This risk is not considered to be material on 31 December 2023.

Liquidity risk

A lack of liquidity will entail a risk that the Group will not be able to pay its obligations on maturity. Management monitors rolling forecasts of the Group's liquidity reserve (comprising cash and cash equivalents) based on expected cash

flows. The Group's business plan and growth strategy is capital intensive, and the Group may be dependent upon future equity issues and/or debt financing to finance its current and long-term plans.

Outlook statement from the board of directors

The fourth quarter and the full year of 2023 marked a significant step towards achieving the vision of profitable farming of salmon on land with excellent biological results.

The good biological performance continued, ending the quarter with over 2,200 tonnes of standing biomass, about 1.4 million individuals at Indre Harøy and record high biomass production of 1,439 tonnes. The appetite has been good throughout the period. The stocking of the last part of Batch 10 at Indre Harøy was completed early in January, setting the conditions for steady state production and streamlined operations.

The strong operational track record builds on impressive biological results. In the fourth quarter the mortality rate was 1.2%, highlighting that Salmon Evolution is operating within its ambitious target of 3-5 % mortality on annual basis. This is well below the conventional industry and represents a testament to the fish welfare at Indre Harøy. Additionally, the superior share on harvested fish in 2023 was an industry leading 92%.

Salmon Evolution harvested a record high 1,104 tonnes (HOG) with an average weight of ~3.5 kg (HOG) and 90% superior share in Q4. It was primarily batch 3 and 4 that was harvested, which was affected by the AGD event in Q2. This slightly impacted harvest weights and superior share. Going forward gradually increasing harvest weights are expected, which together with further biomass build-up will set the stage for a substantial increase in harvest volumes from Q2 and onwards.

The fourth quarter also marked another major milestone. In the farming segment Salmon Evolution was breakeven at EBITDA level for the first time, underlining that farming costs are decreasing on back of higher biomass production. It also underlines the value of being able to tap into a highly efficient value chain.

Access to an existing value chain is a key reason why Salmon Evolution is targeting areas with an established salmon farming industry for its North America expansion. Mirroring the approach for Indre Harøy in Norway, Salmon Evolution sees a significant value in leveraging existing aquaculture infrastructure and value chains, enabling both scale and cost leadership, as well as reducing operational and biological risk.

Looking ahead most analysts expect moderate global supply growth in 2024 indicating a tight market, supporting a scenario with strong salmon prices going forward, as also evidenced with the Fishpool forward price at around NOK 100/kg on average for 2024. Ramping up production and harvest volumes, Salmon Evolution is in a solid position to benefit on this over the coming quarters.

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

Summary year to date

- Good biological performance, ending 2023 with over 2,200 tonnes of standing biomass. Total biomass production for the year of 3,751 tonnes, record high production in Q4.
- Record harvest volumes in Q4 of 1,104 tonnes (HOG), in line with guidance of 1,000 – 1,200 tonnes (HOG). Total harvest volumes of 1,874 tonnes (HOG) for the year.
- Strong biological results, highlighted by an annual run-rate mortality rate in the fourth quarter of 4.7 % and 92 % superior share on harvested volume in 2023.
- Achieved the prestigious Aquaculture Stewardship Council ("ASC") for Indre Harøy.
- Breakeven farming operations at EBITDA level in Q4.
- Secured bank funding in Q1 for Indre Harøy phase 2 and refinanced Indre Harøy phase 1 at good commercial terms.
- Equity raise in April 2023 generating 525 million in gross proceeds.
- Strong financial position with Available liquidity of NOK 645 million per 31 December 2023 including committed available undrawn credit facilities.

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 2023 has been prepared in accordance with IAS 34 – Interim Financial Reporting and gives a true and fair view of the Company's and Group's assets, liabilities, financial position and profit or loss as a whole. We also confirm, to the best of our knowledge, that the interim management report includes a fair review of important events that have occurred during the period and their impact on the condensed set of financial statements, a description of the principal risks and uncertainties facing the group, and major related parties' transactions.

The Board of Directors of Salmon Evolution ASA
Ålesund/Elnesvågen 12 February 2024



Tore Tønseth
Chair



Peder Stette
Director



Anne Breiby
Director



Ingvild Vartdal
Director



Janne-Grethe Strand Aasnæs
Director



Jan-Emil Johannessen
Director



Eunhong Min
Director



Vibecke Bondø
Director



Trond Håkon Schaug-
Pettersen
CEO

Interim financial statements

Statement of Profit and Loss

(figures in NOK 1000)	Note	Q4 23	Q4 22	2023	2022
Sales revenues	2	83 594	26 814	153 325	46 107
Other income		5 256	1 594	15 099	1 574
Total operating revenue		88 850	28 408	168 424	47 681
Change in inventory	3,4	-2 809	8 587	78 476	34 077
Cost of materials	3,4	-44 888	-16 498	-126 180	-34 706
Personnel expenses	5	-21 152	-16 609	-76 052	-49 996
Other operating expenses		-36 163	-26 520	-128 619	-65 538
Operational EBITDA		-16 162	-22 632	-83 950	-68 481
Depreciations	6	-17 091	-2 108	-46 730	-6 190
Operational EBIT		-33 253	-24 739	-130 680	-74 671
Fair value adjustment of biomass	3	-2 606	2 868	20 149	11 740
Operating Profit (EBIT)		-35 859	-21 872	-110 532	-62 931
Financial income	7	-270	17 648	21 481	35 322
Financial expense	7	-12 453	-1 817	-49 624	-4 170
Share of net income from associated companies	8	-2 306	-451	-7 098	-947
Financial expense - net		-15 029	15 380	-35 241	30 205
Profit/loss before tax		-50 888	-6 492	-145 773	-32 726
Income tax expense	9	0	0	0	0
Profit/loss for the period	10	-50 888	-6 492	-145 773	-32 726
Basic earnings per share (NOK)	10	-0,12	-0,02	-0,37	-0,10
Diluted earnings per share (NOK)	10	-0,12	-0,02	-0,37	-0,10
Statement of Comprehensive Income					
Profit/(loss) for the period		-50 888	-6 492	-145 773	-32 726
Currency translation differences	8	-56	865	-861	1 363
Total comprehensive income for the period		-50 943	-5 626	-146 634	-31 363

Statements of financial position

(figures in NOK 1000)	Note	31 Dec 2023	31 Dec 2022
Assets			
Intangible assets	6	70 536	65 149
Deferred tax assets	9	0	2 077
Assets under construction	6	70 781	1 713 490
Assets in use, not allocated	6	54 019	0
Property, plant & equipment	6	1 848 190	30 541
Right-of-use assets	6	12 084	13 001
Investment in associated companies	8	18 676	26 635
Total non-current assets		2 074 286	1 850 894
Inventory	3	8 369	1 941
Biological assets	3	153 790	58 927
Trade receivables		40 496	23 080
Other current receivables		32 932	66 951
Financial derivatives	7	12 900	25 622
Cash and cash equivalents		386 396	278 759
Total current assets		634 883	455 281
Total assets		2 709 169	2 306 174
Equity and liabilities			
Share capital	11	20 697	17 288
Share premium	11	2 124 647	1 627 073
Other reserves	5	10 758	8 320
Other equity		0	0
Uncovered losses		-235 408	-88 774
Total equity		1 920 693	1 563 906
Long-term interest-bearing debt	12	569 969	513 169
Lease liabilities - long term	12	8 189	9 676
Other long-term liabilities	12	8 702	8 549
Total non-current liabilities		586 859	531 393
Short-term interest-bearing debt	12	103 275	55 353
Trade payables		71 499	135 098
Social security and other taxes		7 858	7 086
Lease liabilities - short term	12	4 350	3 553
Other short-term liabilities		14 635	9 783
Total current liabilities		201 617	210 873
Total liabilities		788 476	742 267
Total equity and liabilities		2 709 169	2 306 174

Statement of cash flow

(figures in NOK 1000)	Note	Q4 23	Q4 22	2023	2022
Cash flow from operations					
Profit/loss before tax		-50 888	-6 492	-145 773	-32 726
Adjustments for:					
Depreciation	6	17 091	2 108	46 730	6 190
Net financials		15 029	-15 380	35 241	-30 205
Share based payment expenses		582	-675	2 438	3 201
Changes in working capital:					
Change in trade receivables		-19 073	-21 257	-17 417	-22 698
Change in other current receivables		35 044	-14 642	33 785	37 774
Change in inventory and biological assets	4	2 029	-8 587	-81 143	-34 077
Change in fair value of biomass	4	2 606	-2 868	-20 149	-11 740
Change in trade payables		-3 313	4 531	12 330	2 047
Change in social security and other taxes		3 995	1 910	772	2 139
Change in other current liabilities		2 191	2 778	6 928	3 971
Net cash flow from operations		5 293	-58 575	-126 256	-76 124
Cash flow from investment activities					
Payments for fixed assets net of government grants	6	-51 708	-143 411	-275 686	-763 498
Payments for intangible assets	6	-3 824	-1 438	-5 389	-3 614
Change in trade payables investments		-11 701	-49 421	-75 929	-29 020
Net cash flow from investment activities		-67 232	-194 270	-357 005	-796 132
Cash flow from financing activities					
Proceeds from issue of equity, net paid transaction costs		0	0	500 982	294 538
Proceeds from new borrowings	12	9 963	68 027	104 875	356 253
Repayment of borrowings		0	0	0	-13 337
Net change in right of use assets and liabilities		13	2 435	227	210
Financial expenses paid		-13 899	-6 421	-35 568	-15 079
Financial income received		6 393	10 442	20 381	22 886
Net cash flow from financing activities		2 471	74 483	590 897	645 471
Net change in cash and cash equivalents		-59 469	-178 361	107 636	-226 786
Cash and cash equ. at the beginning of the period		445 865	457 120	278 759	505 545
Cash and cash equ. at the end of the period		386 396	278 759	386 396	278 759

Statement of Changes in Equity

(figures in NOK 1000)		Share capital	Share premium	Other reserves	Other equity	Uncovered losses	Total equity
Balance at 1 January 2022	11	15 540	1 334 282	5 118	0	-57 411	1 297 530
Profit/loss for the period		0	0	0	0	-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	5	0	0	3 201	0	0	3 201
Share based payment expensed		81	7 724	0	0	0	7 805
Transactions with owners		1 748	292 790	3 201	0	0	297 739
Balance at 31 December 2022	11	17 288	1 627 073	8 320	0	-88 774	1 563 906
Profit/loss for the period		0	0	0	0	-145 773	-145 773
Other comprehensive income		0	0	0	0	-861	-861
Total comprehensive income		0	0	0	0	-146 634	-146 634
Private placement, April 2023		3 409	521 591	0	0	0	525 000
Private placement, transaction costs		0	-24 017	0	0	0	-24 017
Share options issued	5	0	0	2 438	0	0	2 438
Share based payment expensed		0	0	0	0	0	0
Transactions with owners		3 409	497 574	2 438	0	0	503 421
Balance at 31 December 2023	11	20 697	2 124 647	10 758	0	-235 408	1 920 693

Selected notes to the quarterly financial statements

Note 1 – Summary of significant accounting policies

General information

Salmon Evolution ASA and its subsidiaries, Salmon Evolution Norway AS, Salmon Evolution International AS, Salmon Evolution Dale AS and Salmon Evolution Sales AS (the "Company", "SE" or "the Group") is a Norwegian business headquartered in Hustadvika kommune in Møre og Romsdal. SE is building a land-based salmon farming facility at Indre Harøy, with a planned annual production of 31,500 tons HOG of which phase 1 recently is completed and has an annual production of 7,900 tons HOG.

The build-out consists of three phases, with the first phase consisting of 12 large grow out tanks with corresponding infrastructure. SE will operate a hybrid flow-through (HFS) system, utilizing fresh seawater from the Norwegian coast. Construction start of phase 1 was in Q2 2020, and was completed mid April 2023. The first smolt batch was released at Indre Harøy late March 2022 as per original timeline, and the Group completed its first harvest in November 2022.

These interim financial statements were approved by the Board of Directors for issue on 12 February 2024.

These interim financial statements have not been audited.

Consolidation

These condensed consolidated statements for the period ended 31 December 2023 include Salmon Evolution ASA together with its subsidiaries Salmon Evolution Norway AS, Salmon Evolution International AS, Salmon Evolution Dale AS and Salmon Evolution Sales AS (Established in July 2022).

In 2022 the Group also established two new companies – Salmon Evolution North America Holdings LLC and Salmon Evolution North America LLC - that is not yet taken into operation. Both Companies is a subsidiary of Salmon Evolution International AS, owned 100%.

Basis of preparation

These interim financial statements have been prepared in accordance with International Accounting Standard 34, "Interim financial reporting". These interim financial statements do not provide the same scope of information as the annual financial statement and should therefore be read in conjunction with the annual financial statements for the year ended 31 December 2022, which have been prepared in accordance with IFRS.

Going concern

The Group has adopted the going concern basis in preparing its consolidated financial statements. When assessing this assumption, management has assessed all available information about the future. This comprises information about net cash flows from existing customer contracts and other service contracts, debt service and obligations. After making such assessments, management has a reasonable expectation that the Group has adequate resources to continue its operational existence for the foreseeable future.

Accounting policies

The accounting policies adopted are consistent with those of the previous financial year except that income tax expense is recognized in each interim period using the expected weighted average annual income tax rate for the full financial year. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss. The Group does not include net deferred tax benefits in its balance that exceeds the tax effect of group contributions in order to equalize tax payable in its subsidiaries.

Revenue

Revenue from contracts with customers as defined in IFRS 15 is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the group expects to be entitled in exchange for those goods.

Revenue for the Group derives both from the sale of smolt from contract with customer and sale of whole and processed salmon in the spot market. The Group is no longer selling smolt externally but did in 2022. It has not been made any sales contracts. The Group recognised revenue at the point in time when control of the goods is transferred to the customer at an amount that reflects the expected amount that the group is entitled to have for the goods. The sales price is determined upon the settlement and is based on available market price where the price will vary with both quality and size. Payment is settled upon delivery, and normal credit term of the sales transactions is 30 days. If the delivered products have discrepancies compared to the agreed sales contract, cash refunds are given to the customer. Up until now, refunds are not material.

Property, plant & equipment

Property, plant, and equipment is measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and costs include expenditures that are directly attributable to the acquisition and placement of fixed assets in service. Costs of major replacements and renewals that substantially extend the economic life and functionality of fixed asset are capitalized. Costs associated with normal maintenance and repairs are expensed as incurred.

Assets are normally considered property, plant, and equipment if the useful economic life exceeds one year. Straight-line depreciation is applied over the useful life of property, plant, and equipment based on the asset's historical cost. If a substantial part of an asset has an individual and different useful life, that portion is depreciated separately. The asset's residual value and useful life are evaluated annually. Gains or losses arising from the disposal or retirement of an asset are determined as the difference between the sales proceeds and the carrying amount of the asset and recognized as part of other income in the accompanying statements of other comprehensive income.

Depreciation is charged to expense when the property, plant or equipment is ready for intended use. In April 2023 the Group completed takeover of phase 1 at Indre Harøy, and the relevant assets have therefore commenced depreciation.

Biological assets

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

The Group is still in a ramp-up phase and not yet at steady state production volumes for the grow-out facility at Indre Harøy, and hence the facility's production capacity is not fully utilized. Cost of production is therefore adjusted for unutilized production capacity.

For further information, please refer to note 3.

Borrowing costs

In accordance with IAS 23, the Group's loan agreements are subject to the following principles relating to borrowing costs:

General and specific borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

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

Note 2 – Segment

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

Farming Norway consists of Salmon Evolution Norway AS (grow-out facility), Salmon Evolution Dale AS (smolt facility) and Salmon Evolution Sales AS. Additionally a portion of the Group overhead costs is allocated to the segment.

Other consist of both revenue and costs not attributable to the farming segment.

The same accounting principles as described for the Group financial statements have been applied for the segment reporting. Intersegment transfers or transactions are entered into under normal commercial terms and conditions, and the measurement used in the segment reporting is the same as used for the actual transactions.

(In thousand NOK)	Farming Norway	Other	Eliminations	Group
Q4 2023				
Operating revenue	85 850	7 525	-4 525	88 850
Operational EBITDA	43	-16 205	0	-16 162
Operational EBIT	-16 722	-17 005	474	-33 253
Harvest volumes (tonnes, HOG)	1 104			1 104
Operational EBITDA/kg (NOK)	0,0			-14,6
Operational EBIT/kg (NOK)	-15,1			-30,1
Q4 2022				
Operating revenue	26 814	6 872	-5 278	28 408
Operational EBITDA	-9 432	-13 200	0	-22 632
Operational EBIT	-10 692	-14 048	0	-24 739
Harvest volumes (tonnes, HOG)	340			0
Operational EBITDA/kg (NOK)	N/A			N/A
Operational EBIT/kg (NOK)	N/A			N/A
FY 2023				
Operating revenue	158 248	27 564	-17 388	168 424
Operational EBITDA	-23 214	-60 737	0	-83 950
Operational EBIT	-67 932	-63 855	1 107	-130 680
Harvest volumes (tonnes, HOG)	1 874			1 874
Operational EBITDA/kg (NOK)	N/A			N/A
Operational EBIT/kg (NOK)	N/A			N/A

FY 2022

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

Note 3 – Biological assets and inventory

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

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

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

BOOK VALUE OF INVENTORY	NOK 1000			
	Q4 2023	Q3 2023	Q2 2023	Q4 2022
Equipment	2 667	1 886	0	0
Raw materials	4 433	3 722	3 067	1 941
Biological assets	153 790	161 185	94 704	58 927
Finished goods	1 270	0	0	0
Total	162 159	166 794	97 770	60 867

BIOLOGICAL ASSETS	TONNES			
	Q4 2023	FY 2023	Q4 2022	FY 2022
Biological assets end of period	2 204	2 204	733	733

	NOK 1000			
	Q4 2023	FY 2023	Q4 2022	FY 2022
Biological assets beginning of period	161 185	58 927	47 185	14 939
Increase due to production	74 645	218 496	34 075	70 238
Reduction due to harvest/sale	-79 434	-130 880	-25 201	-37 990
Reduction due to incident based mortality	0	-12 901	0	0
Fair value adjustment beginning of period	-34 495	-11 740	-8 873	0
Fair value adjustment end of period	31 889	31 889	11 740	11 740
Biological assets end of period	153 790	153 790	58 927	58 927

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

Sales price for the fish in the grow-out facility is based on forward prices from Fish Pool with relevant adjustments. The net sales value is adjusted for expected quality differences and harvesting, logistic and sales expenses.

The Company is still in a ramp-up phase for the grow-out facility at Indre Harøy, and hence the facility's production capacity is not fully utilized. Cost of production is therefore adjusted for unutilized production capacity. Year-to-date this adjustment amounted to NOK 41.3 million which has been expensed directly in the profit and loss statement.

Note 4 – Cost of materials and change in inventory

(numbers in thousand NOK)	Q4 2023	FY 2023	Q4 2022	FY 2022
Cost of materials and change in inventory	-47 696	-47 704	-7 911	-629

Composition COGS:

Inventory change	-2 809	78 476	8 587	34 077
Raw material purchase	-44 888	-126 180	-16 498	-34 706
Sum	-47 696	-47 704	-7 911	-629

Composition inventory change:

Change due to production	74 645	218 496	34 075	70 238
Change due to harvest/sale	-79 434	-130 880	-25 201	-37 990
Change due to incident based mortality	0	-12 901	0	0
Change inventory raw material	1 980	3 762	-287	1 829
Sum	-2 809	78 476	8 587	34 077

Composition - change due to production:

Raw material cost	42 907	122 419	16 785	32 877
Salaries	7 309	17 670	4 153	10 260
Other operating expenses	24 429	78 407	13 138	27 101
Sum	74 645	218 496	34 075	70 238

Note 5 – Share based payment expenses

Effects on financial statement:

NOK thousands	Q4 2023	FY 2023
Other paid-in capital	582	2 438
Net BS	582	2 438
	Q4 2023	FY 2023
Option cost	-582	-2 438
Net PL	-582	-2 438
	Q4 2023	FY 2023
Capitalized option cost	0	0
Allocated to CAPEX	0	0

Note 6 – Property, plant and equipment

Straight-line depreciation is applied over the useful life of property, plant, and equipment based on the asset's historical cost and estimated residual value at disposal. Depreciation is charged to expense when the property, plant or equipment is ready for use or placed in service.

In April 2023 the Group completed takeover of phase 1 at Indre Harøy, subsequently the Indre Harøy facility has been reclassified from asset under construction. These assets have commenced depreciation from May 2023.

(figures in NOK 1000)	Intangible assets	Assets under construction	Assets in use, not allocated	Buildings and property	Fixtures and fittings	Right-of-use assets	Total
Cost 1 January 2022	62 586	971 122	0	7 607	8 966	3 997	1 054 278
Additions	2 564	742 368	0	0	17 453	14 566	776 951
Completed constructions							0
Cost 31 Dec 2022	65 149	1 713 491	0	7 607	26 419	18 562	1 831 228
Acc. depreciation 1 January 2022	0	0	0	-302	-670	-1 885	-2 857
Depreciation for the period	0	0	0	-649	-1 864	-3 676	-6 189
Net book value 31 Dec 2022	65 149	1 713 491	0	6 656	23 885	13 001	1 822 182

(figures in NOK 1000)	Intangible assets	Assets under construction	Assets in use, not allocated	Buildings and property	Fixtures and fittings	Right-of-use assets	Total
Cost 1 January 2023	65 149	1 713 491	0	7 607	26 419	18 562	1 831 228
Additions	5 389	269 490	0	2 157	438	3 601	281 075
Completed constructions	0	-1 912 199	54 019	1 573 232	284 031	0	-917
Cost 31 Dec 2023	70 536	70 781	54 019	1 582 997	310 889	22 163	2 111 387
Acc. depreciation 1 January 2023	0	0	0	-951	-2 534	-5 561	-9 046
Depreciation for the period	-3	0	0	-26 760	-15 450	-4 518	-46 731
Net book value 31 Dec 2023	70 536	70 781	54 019	1 555 285	292 905	12 084	2 055 610

At year-end the Group is working to reach an agreement on the final settlement for the construction of phase 1 at Indre Harøy. Negotiations are still ongoing, and consequently the Group have adjusted the balance to reflect this.

Note 7 – Finance income and finance cost

(figures in NOK 1000)

Finance income	Q4 2023	Q4 2022	FY 2023	FY 2022
Interest income	4 341	4 027	15 591	8 730
Change in value of interest rate swap	-6 663	13 432	947	25 547
Foreign exchange gains	2 060	189	4 937	1 035
Other finance income	-8	0	6	10
Financial income	-270	17 648	21 481	35 322
Share of net income from associated companies	-2 306	-451	-7 098	-947
Total financial income	-2 576	17 197	14 384	34 375

Finance expenses	Q4 2023	Q4 2022	FY 2023	FY 2022
Interest on debts and borrowings	11 997	1 153	30 887	3 012
Foreign exchange losses	1 748	85	4 195	554
Reduced value of contract related to power supply	-1 446	0	13 903	0
Other finance expenses	153	579	640	604
Total financial expenses	12 453	1 817	49 624	4 170

Net financial income/- expenses	-15 029	15 380	-35 241	30 205
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Fair value adjustments - financial assets

(NOK thousand)	FY 2023	FY 2022
Unrealised changes in the value of interest rate swap	947	10 455
Unrealised changes in the value of contract related to power supply	- 13 903	13 629
Realised profit (loss) related to interest rate swap	0	0
Realised profit (loss) related to power supply contract	0	1 463
Fair value adjustments recognised in profit and loss	-12 956	25 547

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

Note 8 – Investment in associated companies

The group has the following investments in associated companies:

(figures in NOK 1000)	Country	Ownership	Voting share
K Smart Farming Co., Ltd	Korea	49 %	49 %
Investment cost 31.05.21	27 413		
Share of net income 2021	-634		
Foreign currency translation gain/(loss) 2021	-560		
Net book value 31 December 2021	26 219		
Share of net income YTD 2022	-947		
Foreign currency translation gain/(loss) YTD 2022	1 363		
Net book value 31 December 2022	26 635		
Share of net income YTD 2023	-7 098		
Foreign currency translation gain/(loss) YTD 2023	-861		
Net book value 31 Desember 2023	18 676		

Investments in associated companies are recognized using the equity method.

Note 9 – Tax

(figures in NOK 1000)	FY 2023	FY 2022
Profit/loss before tax	-145 773	-32 726
Calculated tax (22%)	-32 070	-7 200
Tax payable	0	0
Change in deferred tax (asset)	-32 070	-7 200
Change in deferred tax not shown in the balance sheet	32 070	7 200
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 2023 is 22%, compared to 22% for the period ended 31 December 2022.

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

Note 10 – Earnings per share

(figures in NOK 1000)	Q4 2023	Q4 2022	FY 2023	FY 2022
Loss attributable to the equity owners of the Company	-50 888	-6 492	-145 773	-32 726
Loss for calculation of diluted earnings per share	-50 888	-6 492	-145 773	-32 726
Weighted average number of shares outstanding ¹⁾	413 936 640	345 754 822	391 209 367	337 015 239
Dilutive options	0	0	0	0
Average number om shares and options used in calculation for diluted EPS	413 936 640	345 754 822	391 209 367	337 015 239
Basic earnings per share (NOK)	-0,12	-0,02	-0,37	-0,10
Diluted earnings per share (NOK)	-0,12	-0,02	-0,37	-0,10

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

FY 2023: The Company had 345,754,822 shares for the first four months of the year. In April the Company made an issue of 68,181,818 new shares in a capital raise. Therefor the weighted average number of shares outstanding YTD 2023 has been calculated by applying a weight of 4/12 of the number of shares before the capital raise, and 8/12 of the total number of shares after the capital raise (413,936,640 shares).

FY 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).

Note 11- Share capital & capital history

(figures in NOK 1000)	Date	Capital Increase	Share Capital After Change	Par Value	Subscription price per share	New shares	Total no. of outstanding shares
Opening balance 1 July 2020			5 375 159	0,05			107 503 182
Share options exercised	10 July 2020	30 000	5 405 159	0,05	3,33	600 000	108 103 182
Private placement	23 July 2020	581 395	5 986 554	0,05	4,30	11 627 906	119 731 088
Private placement	11 September 2020	5 000 000	10 986 554	0,05	5,00	100 000 000	219 731 088
Private placement	23 March 2021	4 166 667	15 153 221	0,05	6,00	83 333 333	303 064 421
Acquisition Kraft Laks	16 August 2021	109 535	15 262 756	0,05	7,58	2 190 694	305 255 115
Private placement	12 October 2021	277 068	15 539 824	0,05	7,71	5 541 374	310 796 489
Share options exercised	26 March 2022	81 250	15 621 074	0,05	4,80	1 625 000	312 421 489
Private placement	5 April 2022	1 666 667	17 287 741	0,05	9,00	33 333 333	345 754 822
Private placement	18 April 2023	3 409 091	20 696 832	0,05	7,70	68 181 818	413 936 640

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

The Group raised NOK 500 million in a private placement in connection with its initial public offering related to the admission on Merkur Market (now Oslo Børs) in September 2020. Further, the Group also raised another NOK 500 million in a private placement in March 2021.

In August 2021 the Group acquired 100% of the shares in Kraft Laks AS. As part of the settlement the Group issued 2,190,694 new shares of NOK 7.5775 per share, and thereby increased its equity by NOK 16.6 million. In October 2021 the Group carried out a private placement of USD 5m (NOK ~43m) towards Cargill.

Further, in April 2022 the Group carried out a private placement raising gross proceeds of NOK 300 million at a subscription price of NOK 9.00 per share.

In April 2023 the Group carried out a private placement raising gross proceed of NOK 525 million at a subscription price of NOK 7.7 per share, bringing total raised equity to more than NOK 2.2 billion.

Note 12 – Interest bearing debt

Long-term interest bearing debt

(NOK thousand)	31.12.2023	31.12.2022
Debt to credit institutions	569 969	513 169
Leasing liabilities	8 189	9 676
Total long-term interest-bearing debt	578 158	522 845

Short-term interest bearing debt

(NOK thousand)	31.12.2023	31.12.2022
Debt to credit institutions	103 275	42 512
Other short-term interest bearing debt	0	12 841
Leasing liabilities	4 350	3 553
Total short-term interest-bearing debt	107 625	58 906

Total interest-bearing debt	685 783	581 750
Cash & cash equivalents	386 396	278 759
Net interest-bearing debt	299 386	302 990

In April 2023 the Group signed a NOK 1,550 million green debt financing package with DNB and Nordea relating to phase 1 and 2 at Indre Harøy, thus refinancing the existing senior secured debt financing package. The new package consisted of a NOK 525 million non-amortizing term loan facility to the existing NOK 525 million construction loan relating to phase 1, a NOK 250 million revolving credit facility available for general corporate purposes including Indre Harøy phase 2 capex and a NOK 775 million construction facility available for financing of capex relating to phase 2 at Indre Harøy. Additionally, the Group has a NOK 100 million Overdraft Facility with Nordea. The refinancing was completed in April 2023.

As per 31 December 2023, NOK 525 million was drawn of the secured green debt financing package. In addition, the Company has drawn NOK 90 million of the Overdraft Facility.

The Group has also entered into loan agreements for a total of NOK 60 million relating to Salmon Evolution Dale AS of which around NOK 58 million was drawn as per 31 December 2023. This financing is for financing of working capital, investments in Salmon Evolution Dale as well as refinancing of the seller's credit from the acquisition of Salmon Evolution Dale AS.

The above table does not include other long-term liabilities of NOK 8.7 million related to property and water rights in Salmon Evolution Dale AS.

Financial covenants

The most important financial covenants for the long-term financing of the Group are, respectively, a solvency requirement that the borrower's (Salmon Evolution Norway AS) book equity ratio (including intra-group loans) shall be minimum 45%. Further, there is a profitability requirement linked to the borrower's EBITDA which shall be greater than NOK 150 million on a last 12-month basis from Q4 2025. Quarterly EBITDA figures shall be measured from Q4 2023 with set minimum EBITDA levels reflecting the company's gradual ramp up of production volumes and profitability.

Finally, there is a minimum cash requirement that stipulates that the obligors (Salmon Evolution Norway AS, Salmon Evolution Sales AS and Salmon Evolution ASA) cash balance shall be greater than NOK 100 million at any time. Any undrawn and available amounts under the revolving facility and the overdraft is included in the calculation of the cash balance.

Security

The Group's bank debt facilities are fully guaranteed by Salmon Evolution ASA. The respective lenders also have a pledge over 100% of the shares in the borrower, Salmon Evolution Norway AS and Salmon Evolution Dale AS. Furthermore, the respective lenders have a pledge over all material operating assets of the Group, hereunder inter alia, land, plant and machinery, operating licenses, inventory and receivables.

Cash movements in financing activities (NOK thousand)	Interest bearing debt	
	Short term	Long term
Balance at January 1, 2023	58 906	522 845
Repayment of loans and borrowings	-12 841	-
Proceeds from new bank loan	60 763	56 800
Change in obligations under leases	797	-1 487
Balance at December 31, 2023	107 625	578 158
Transaction cost related to loans and borrowings	17 050	
Capitalised borrowing cost	19 840	
Interest expense	29 819	
Change in accrued interest	-1 310	
Interest paid FY 2023	65 399	

Note 13 – Transactions with related parties

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

There were no material transactions with related parties in 2023.

Note 14 – Significant and subsequent events

No material subsequent events.

ABOUT SALMON EVOLUTION

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

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

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

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

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



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Smolt: Dalsfjordvegen 2805, 6120 Folkestad

ORG NUMBER

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Anne Breiby
Board Member

Ingvild Vartdal
Board Member

Peder Stette
Board Member

Janne-Grethe Strand Aasnæs
Board Member

Eunhong Min
Board Member

Jan-Emil Johannessen
Board Member

Vibecke Bondø
Board Member

MANAGEMENT

Trond Håkon Schaug-Pettersen
CEO

Trond Vadset Veibust
CFO

Ingjarl Skarvøy
COO

Odd Frode Roaldsnes
CCO

Kamilla Mordal Holo
Chief Project Officer

Henriette Nordstrand
Technical Director

Tore-Jakob Reite
Director Strategic Projects

