



# Q3 2020 PRESENTATION

19 November 2020

SALMON  
EVOLUTION<sup>®</sup>  
extending the ocean potential

# Agenda

- Introduction and highlights
- Operational review
- Financial review
- Summary and outlook

# SALMON EVOLUTION – EXTENDING THE OCEAN POTENTIAL

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

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



# Q3 2020 HIGHLIGHTS

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



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

# Agenda

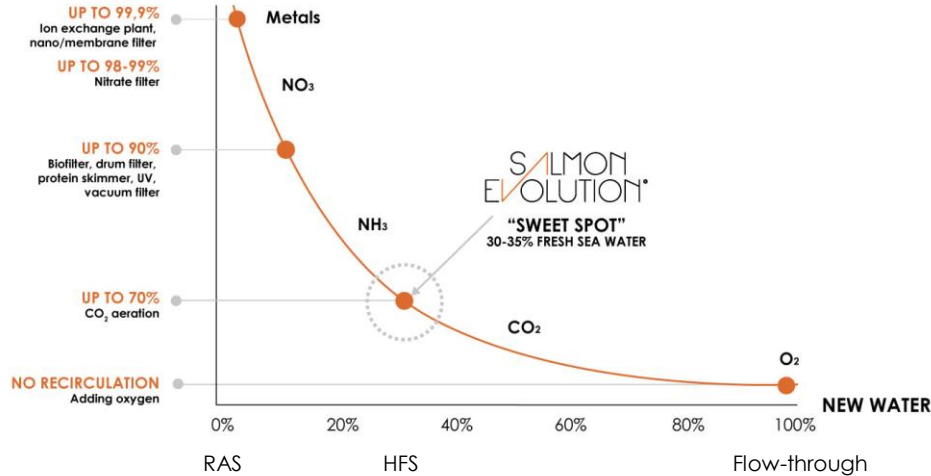
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PHASE 1  
12 GROW-OUT TANKS

# BIOLOGY THE MOST IMPORTANT CONSIDERATION

## RECIRCULATION RATE AND WATER TREATMENT COMPLEXITY



## INCREASE OF COMPLEXITY WHEN DEGREE OF RECIRCULATION GOES ABOVE 65%

- Known technology
- HFS with fresh sea water being replaced every 4th hour
- Optimal production environment
- Minimal handling of the fish

# HYBRID FLOW-THROUGH TECHNOLOGY ADVANTAGES

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- Separate production tanks secure bio-control
- Maintenance flexibility, separate cleaning and disinfecting between biomass transfers
- Low complexity - easy to operate and reduced risk of technical accidents
- No biofilters
- Area efficient





# A STEPWISE DEVELOPMENT OF STAND ALONE UNITS

Description		2020	2021	2022	2023	2024	2025	2026	2027	2028	Capacity	CAPEX	Cost/kg
<b>Phase 1</b>	<ul style="list-style-type: none"> <li>Land acquisition</li> <li>Building of foundations</li> <li>Construction of 12 grow-out tanks</li> </ul>			<div style="border: 1px solid black; background-color: #4F81BD; color: white; padding: 5px; text-align: center;">Construction</div>							~7,900t HOG	NOK 1.2 bn*	NOK 40.8
				<div style="border: 1px solid black; background-color: #4F81BD; color: white; padding: 5px; text-align: center;">Production</div>									
<b>Phase 2</b>	<ul style="list-style-type: none"> <li>Construction of additional 12 grow-out tanks</li> <li>Construction of smolt &amp; hatchery facility</li> </ul>				<div style="border: 1px solid black; background-color: #4F81BD; color: white; padding: 5px; text-align: center;">Construction</div>						~7,900t HOG	NOK 1.2 bn**	NOK 38.6
					<div style="border: 1px dashed black; background-color: #4F81BD; color: white; padding: 5px; text-align: center;">Construction of smolt facility</div>								
						<div style="border: 1px solid black; background-color: #4F81BD; color: white; padding: 5px; text-align: center;">Production</div>							
<b>Phase 3</b>	<ul style="list-style-type: none"> <li>Construction of additional 24 grow-out tanks</li> <li>Construction of 4 holding tanks</li> <li>Construction of intake station</li> </ul>						<div style="border: 1px solid black; background-color: #4F81BD; color: white; padding: 5px; text-align: center;">Construction</div>				~15,700t HOG	NOK 2.1 bn	NOK 36.1
							<div style="border: 1px solid black; background-color: #4F81BD; color: white; padding: 5px; text-align: center;">Production</div>						
<b>Total</b>											<b>~31,500t HOG</b>	<b>NOK 4.5 bn</b>	<b>NOK 36.1</b>

\* Phase 1 related CAPEX only

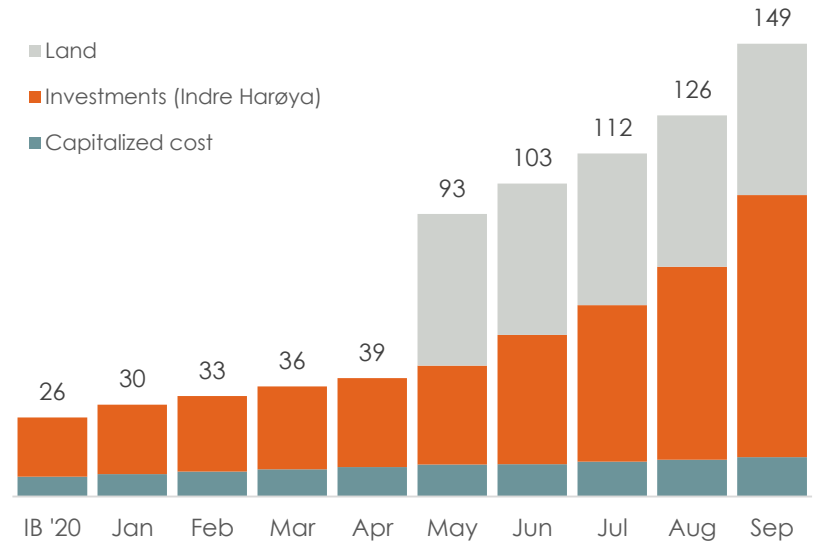
\*\* Smolt facility not included

◆ First sales

# PHASE 1 ACCORDING TO PLAN

- Development on time on budget
- Investments gradually increasing with higher workload and increased complexity on site
- Total CAPEX of NOK 43.5 million in Q3
  - NOK 41.2 million related to turnkey project with Artec Aqua
  - NOK 2.3 million capitalized personnel and shared cost
- Accumulated capex of NOK 148.5 million from project initiation in 2019

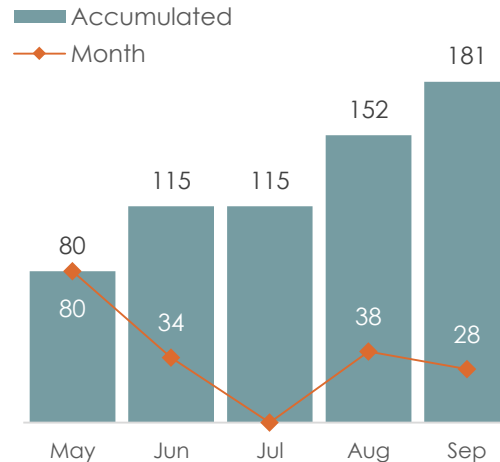
**Accumulated CAPEX YTD 2020**  
(NOK million)



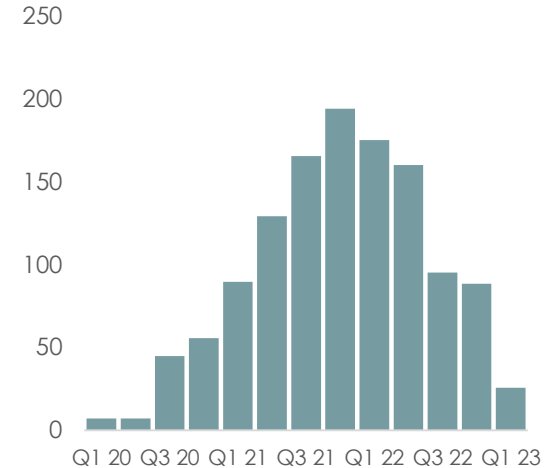
# FINANCING RESERVATIONS SECURE PROJECT CONTROL

- Project turnkey-agreement includes clause for financing reservations until financing is secured
- In Q3 2020 the company committed contracts and deliveries of NOK 66 million
  - Precast concrete elements
  - Concrete work
  - Fish-tanks
- Payments will peak in Q4 2021

**Financial commitments YTD**  
(NOK million)



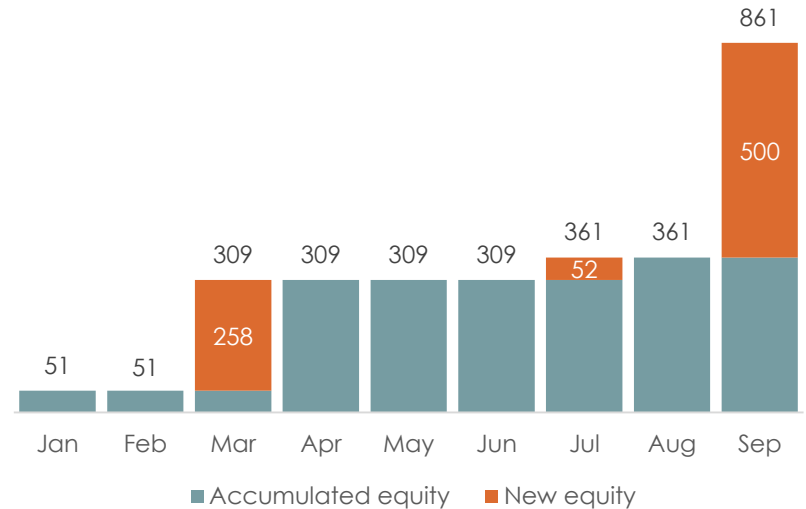
**Payment plan**  
(NOK million)



# SUPPORT FROM SOLID AND COMMITTED OWNERS

- Raised NOK 550 million in new equity through private placement in connection with Merkur listing and direct investment from Dongwon Industries
- Secured debt financing of NOK 40 million for land acquisition
- Continuously monitoring opportunities to apply for public funding and grants
  - Granted funding commitments from Enova of NOK 96.8 million
  - Received NOK 14 million in SkatteFUNN tax incentive scheme
- Plans to strengthen balance sheet in H1 2021 as part of overall financing strategy

**Paid-in equity**  
(NOK million)



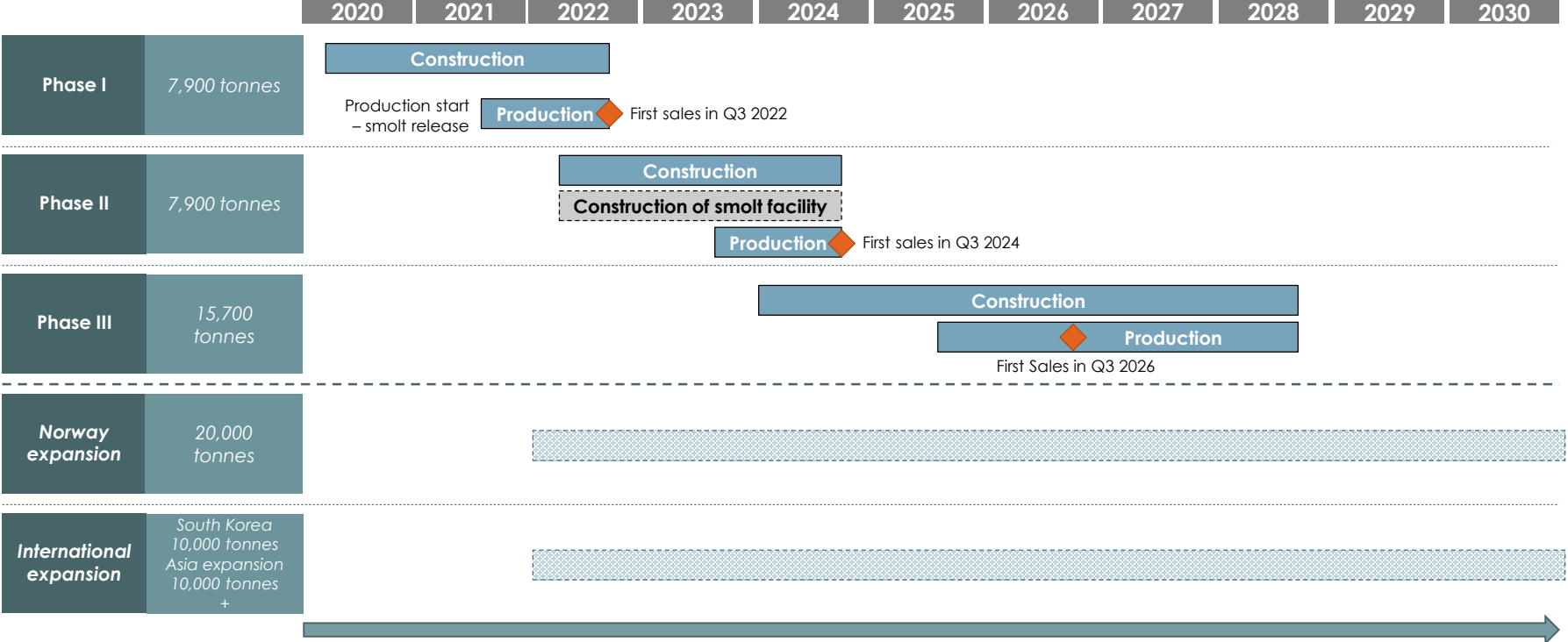
# EXPANSION OPPORTUNITIES

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*Salmon Evolution plans to expand internationally with a medium to long-term target of ~20,000 tonnes HOG*

- Agreement with South Korean Dongwon Industries
  - Commercial collaboration for sales & marketing in Asian markets
  - JV for construction of land-based fish farm in South Korea based on SE technology and competence
  - Scaling of projects in other Asian as the North American market
- Potential for projects utilizing Salmon Evolution's technology and concepts
- Focus on projects with
  - Clear financial differentiators
  - Strong ESG arguments

# ROADMAP TO 70,000 TONNES



**Total +70kt HOG annual harvest**



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# PROFIT & LOSS

## Summary of result

(figures in NOK 1000)

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

- Personnel expenses include NOK 2.3 million in provision for incentive program
- Other OPEX include costs related to reorganisation and preparations for listing of NOK 2.0 million



# CASH FLOW

## Cash flow summary

(figures in NOK 1000)

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

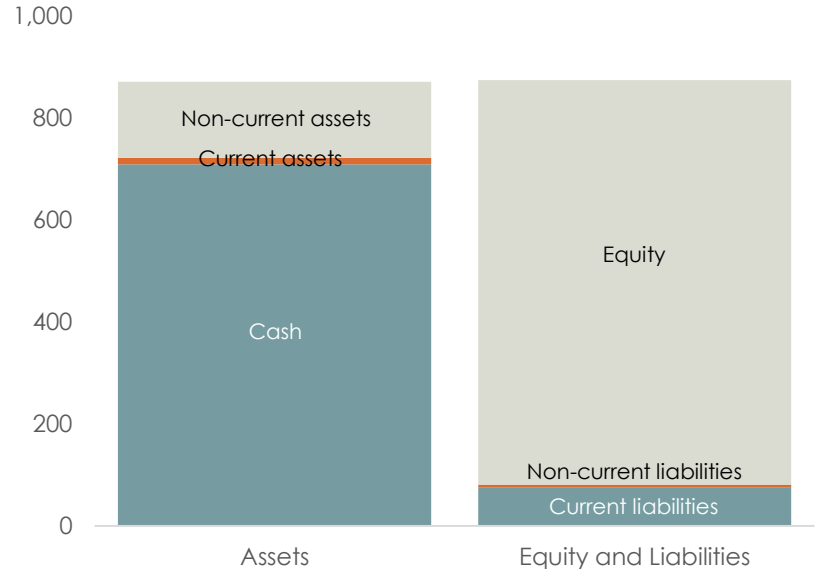
- Positive cash flow from operations due to increase in trade payables
- Cash flow from investments negative due to increased activity at project site
- Cash flow from financing driven by
  - Proceeds from pre-listing offering of NOK 500 million
  - Dongwon investment of NOK 50 million

# FINANCIAL POSITION

- Carrying amount of total fixed assets NOK 148.9 on 30 September. Increase related to purchase of land and construction work
- Total equity of NOK 792.5 million, corresponding to an equity ratio of 90%.
- Consolidated non-interest-bearing liabilities totaled NOK 53.7 million
- Available cash and cash equivalents totalling NOK 708.8 million on 30 September

## Financial position as per 30.09.2020

(NOK million)



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# SUMMARY & OUTLOOK

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- Global demand growth for salmon expected to continue. Land-based solutions addressing industry growth challenges
- State of the art production facility under construction. Annual capacity of 31,500 tonnes HOG targeting the European market
- Solid funding supported by committed owners. Raised new equity of NOK 550 million
- Received grants from Enova and SkatteFUNN totalling NOK 110 million
- International ambitions. Entered agreement for collaboration with Dongwon industries





NEXT EVENT  
Q4 2020  
24 FEBRUARY 2021

# Q&A

[www.salmonevolution.no](http://www.salmonevolution.no)