



## Q4 2023 PRESENTATION

CEO: Trond Håkon Schaug-Pettersen

CFO: Trond Vadset Veibust

13 February 2024

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

SALMON  
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# Agenda

- Highlights
- Operations – Norway
- Operations - International
- Financials
- Summary and outlook
- Appendices

# HIGHLIGHTS

- 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 per 31 December 2023.
- All-time high biomass production in Q4 with 1,439 tonnes in net biomass growth.
- EBITDA breakeven farming operations.
- 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 farming cost on par with the conventional industry.
- Available liquidity of NOK 645 million per 31 December 2023 including committed available undrawn credit facilities.



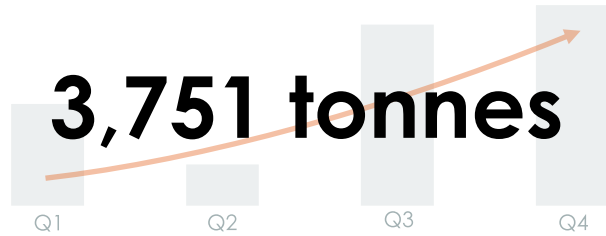
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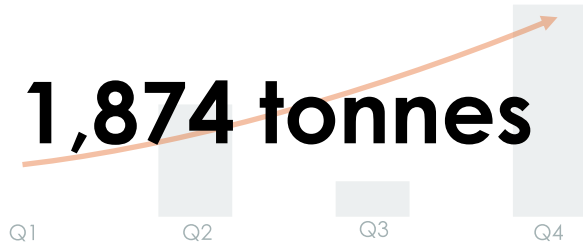
# STRONG RESULTS AFTER FIRST FULL YEAR IN OPERATION

2023 in numbers

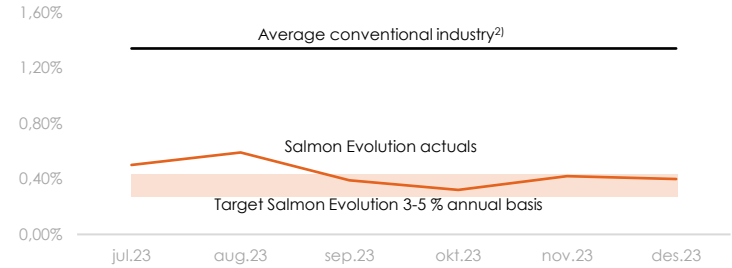
### Net biomass growth<sup>1)</sup> (LW)



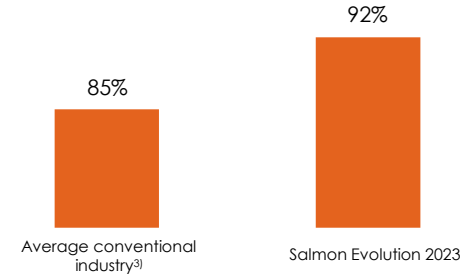
### Harvest volume (HOG)



### Seawater mortality per month



### Superior grade share



1) Net biomass growth includes mortality and culling

2) Source: Fish Health Report 2022, published by the Norwegian Veterinary Institute. Norway average seawater mortality of 16.1% on an annual basis, reworked to monthly rates by dividing by 12.

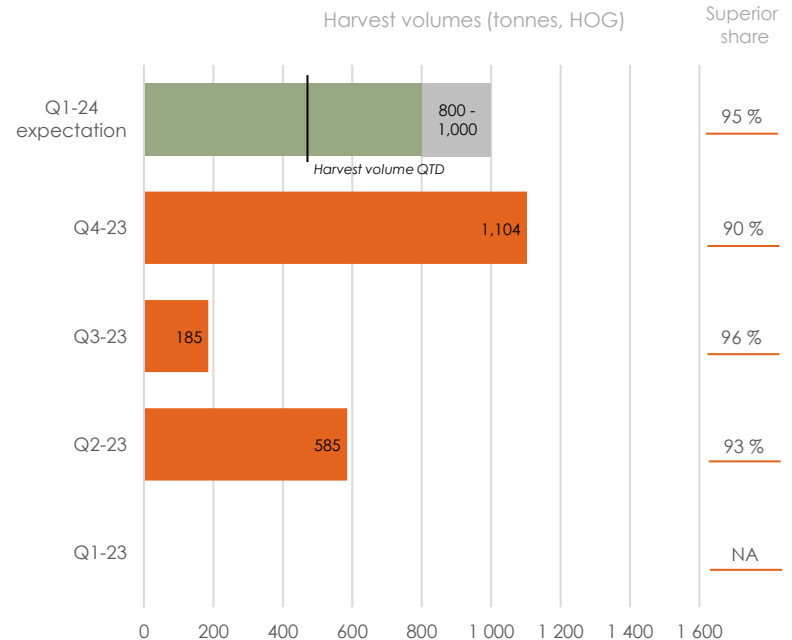
3) Source: Fish Health Report 2022, published by the Norwegian Veterinary Institute

# RECORD HIGH HARVEST VOLUMES IN Q4

## Comment

- Total Q4 harvest volumes of 1,104 tonnes HOG with an average weight of ~3.5 kg HOG and a superior share of 90%.
- All-in price realization of NOK 76.4/kg<sup>1)</sup>, reflecting that majority of volumes were harvested in November.
  - Price realization calculated on all the fish sold, including downgrades.
- Batch 3 and 4 which was affected by the AGD event in Q2 are now fully harvested out. This has slightly impacted harvest weights and superior share in Q4.
- Gradually increasing harvest weights expected going forward.
- QTD volume of 457 tonnes (HOG) having harvested 2/4 groups. Average weight of ~3.9 kg (HOG) and superior share above 95 %, yielding strong prices.
  - Tight weight concentration with only 6% less than 3 kg HOG and 56% over 4 kg HOG

## Gearing up harvest volumes

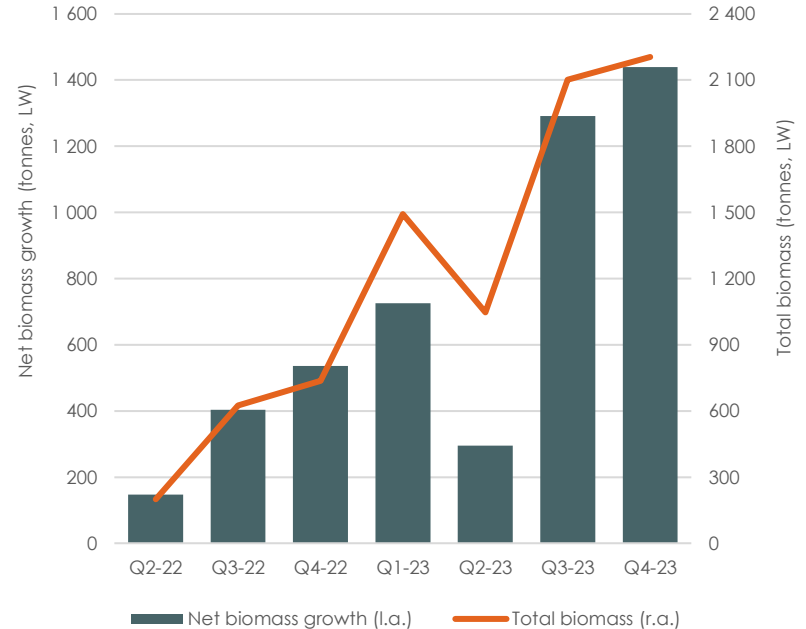


# ENDING 2023 WITH ALL TIME HIGH BIOMASS

## Comment

- Standing biomass of more than 2,200 tonnes LW as per 31 December 2023.
- All time high biomass production in Q4 with net biomass growth of 1,439 tonnes LW.
- High harvesting activity in November temporarily reducing biomass production during the quarter, but strong development in production towards the end of December and going into Q1.
- Good appetite and low mortality levels across the farm.
- Batch 9 stocked in October. Completion of batch 10 stocking in January.

## Net biomass growth<sup>1)</sup> (LW) and standing biomass (LW)







**Processing**  
30 min by wellboat

**Phase 1**  
8kt HOG Complete

**Phase 2**  
8kt HOG  
H2 2025

**Phase 3**  
16kt HOG  
2028



**Smolt**  
In-house  
6 hours by wellboat

- Phase 2 will take production capacity to 16kt HOG annually, 50% of Indre Harøy fully developed.
- Good progress on design and engineering during the quarter – initial groundworks completed for both the grow-out section and the intake station.
- Focus on implementing efficiency gains compared to phase 1, including functional improvements.
- Although phase 2 benefitting from significant infrastructure investments already taken in phase 1, we are seeing inflationary pressure. Hence strong focus on cost optimization and reducing uncertainty
- The project is subject to final investment decision by the Group upon completion of the project design phase, expected in Q2 2024.

# INDRE HARØY PHASE 2

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# NORTH AMERICA: CLOSING IN

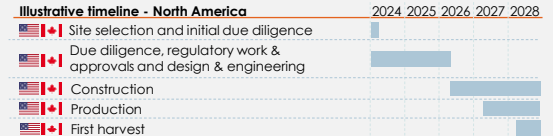
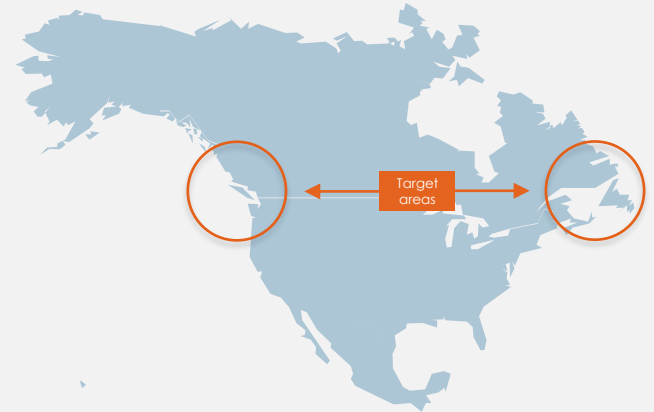
## Project overview

- Targeting a substantial operation in the North America market by utilizing the know-how and experiences from Norway
- Established dedicated team and incorporated corporate structure.
- As the project develops, Salmon Evolution aims to engage in partnership structures leveraging the human capital in our Group and maximizing shareholder value.

## Status

- Closing in on site search with focus on areas with favourable biological conditions and existing aquaculture infrastructure and value chain, mirroring the unique benefits, scale and cost leadership position of Indre Harøy.
- Positive dialogues with both public and private stakeholders.
- In advanced negotiations on a high-potential site which ticks “all the boxes” on size, topography and water parameters.

## Target areas



# KOREA: FOCUS ON COST OPTIMIZATION

## Project overview

- 49/51% joint venture between SE and Dongwon Industries
- Project consists of a smolt facility, grow-out facility and certain other infrastructure.
- Targeted total annual capacity 16.8kt HOG.

## Status

- As previously communicated the primary focus in the last quarters has been cost optimization. Completion of design work as well as permitting have had good progress in Q4.
- The overall project economics is challenging, primarily driven by site-specific circumstances related to the Yangyang grow-out site, the lack of certain other salmon farming infrastructure and regulatory framework having an impact on the project cost as well as the operating cost.
- Currently engaging with relevant authorities in South Korea to shore up government financial support, to improve project economics.
- Clarifications expected during Q2-24.

## Overview main permits

### Jeongseon (smolt facility)

Permit	Status	Comment
Zoning permit	✓	
Construction permit	(✓)	First permit received, only formalities remaining
Sea permit	NA	

### Yangyang (grow-out facility)

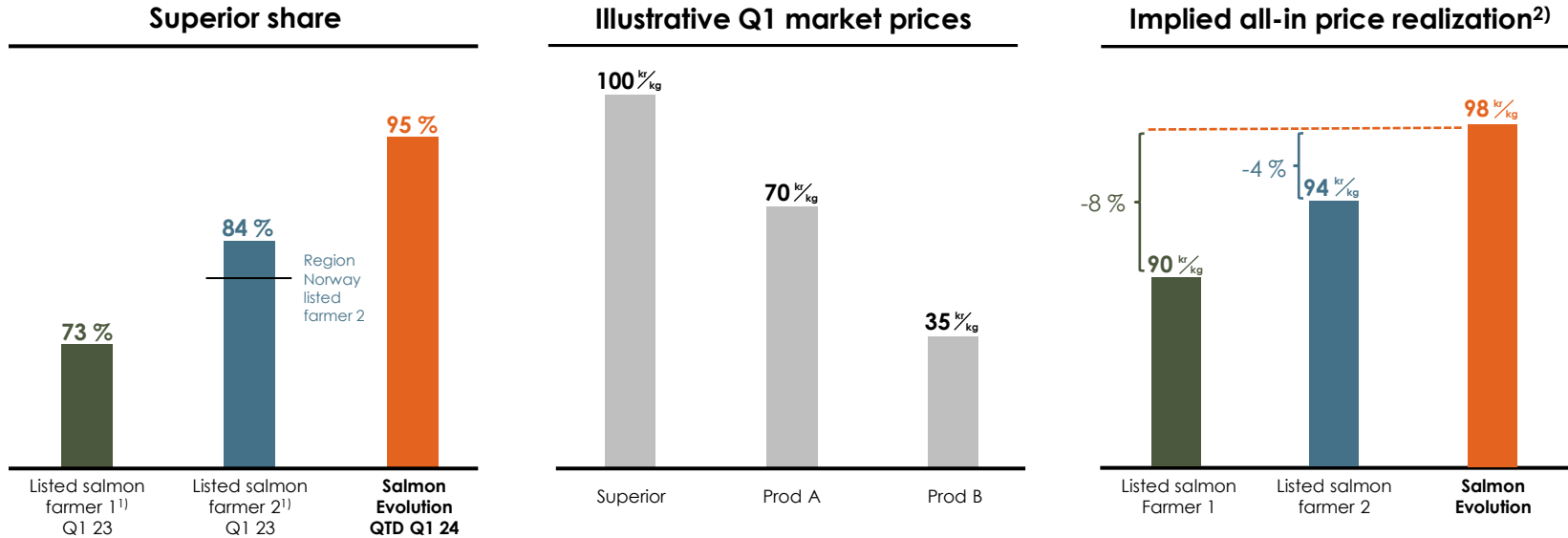
Permit	Status	Comment
Zoning permit	✓	
Construction permit		Subject to purchase of site.
Sea permit	(✓)	First permits received, good traction.

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# SALMON EVOLUTION BENEFITTING FROM EXCEPTIONALLY HIGH SUPERIOR GRADE SHARE

*Illustration of positive price implication of superior fish welfare*



- According to the Norwegian Food Safety Authority the share of downgraded fish has never been higher than recorded at the start of 2024<sup>3</sup>. In week 4 the share of downgrades amounted to 37 % of harvested fish.
- The share of downgrades has been increasing rapidly over the last 5 years<sup>3</sup>.

# SEGMENT: FARMING NORWAY

- Breakeven operational EBITDA
- Revenues of NOK 85.9m, where 83.6 is sales revenues related to the harvest of 1,104 tonnes (HOG) in Q4.
- All-in price realization of NOK 76.4 per KG.
  - Superior share of 90 %.
  - Reflecting that most harvest took place in November.
  - Price realization calculated on all the fish sold, including downgrades.
- On track for farming cost on par with the conventional industry.
- Capacity adjustments of NOK 9.4m.

## Farming Norway

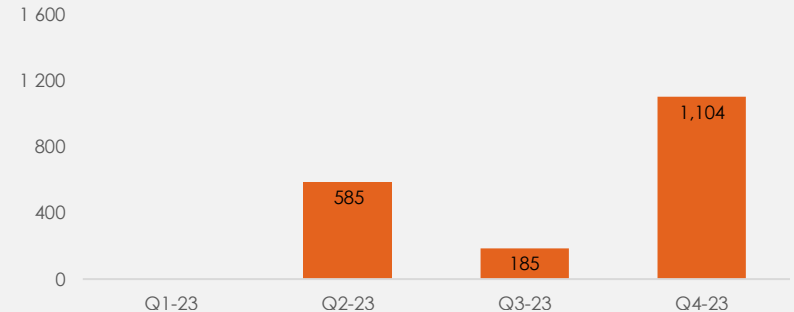
(figures in NOK 1000)

	Q4 23	Q3 23	▲ %
Operating revenue (NOK 1000)	85 850	13 349	543 %
Operational EBITDA (NOK 1000) <sup>2</sup>	43	-8 115	101 %
Operational EBIT (NOK 1000) <sup>2</sup>	-16 722	-23 877	30 %
All-in price realization/kg (NOK) <sup>1</sup>	76,4	70,8	
Harvest volumes (tonnes, HOG)	1 104	185	497 %

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

<sup>2</sup>Before fair value adjustment related to biological assets

## Harvest volume (tonnes, HOG)



# SEGMENT: OTHER

- Revenues of NOK 7.5m related to sale of services to Group companies and K Smart JV.
- In Other segment all resources related to projects and technology department are employed, as well as other corporate functions. A significant portion of costs are related to future expansion.
- Conservative approach to capitalizing costs on new projects and developments.

## Summary of result

(figures in NOK 1000)

	Q4 23	Q3 23	▲ %
Operating revenue (NOK 1000)	7 525	7 003	7 %
Operational EBITDA (NOK 1000)	-16 205	-16 522	2 %



Indre Harøy



Yangyang



North America



# GROUP PROFIT AND LOSS

- Revenues of NOK 88.9m in Q4, most of it related to the 1,104 tonnes (HOG) harvested.
- EBITDA before fair value adjustment of biomass of NOK -16.2m in Q4 2023.
- EBIT after fair value adjustment of biomass of NOK -35.9m .
  - NOK -9.4m in capacity adjustments
  - NOK -2.6m in fair value adjustments of the biomass
- Negative net financials of 15.0m in the quarter.
  - Primarily related to interest rate costs and changes in value of interest rate swaps – partly offset by interest rate income on bank balance

## Summary of result

(figures in NOK 1000)	Q4 23	Q3 23	▲ %
Total operating revenue	88 850	15 856	460 %
Operational EBITDA	-16 162	-24 637	34 %
Operational EBIT	-33 253	-40 699	18 %
Fair value adjustment of biomass	-2 606	14 843	
<b>Operating profit (EBIT)</b>	<b>-35 859</b>	<b>-25 857</b>	
Net financials	-15 029	-10 640	
Profit/loss before tax	-50 888	-36 497	
Income tax expense	0	0	
<b>Profit/loss for the period</b>	<b>-50 888</b>	<b>-36 497</b>	
Standing biomass (tonnes, LW)	2 204	2 100	5 %
Harvest volumes (tonnes, HOG)	1 104	185	497 %
Earnings per share (NOK)	-0,12	-0,09	

# GROUP FINANCIAL POSITION AND CASH FLOW

- Strong financial position.
- Significantly improved cash flow with increasing harvest volumes.
  - Company expect substantial increase in harvest volumes from Q2 and onwards.
  - Investments the next 6-9 months expected to be relatively moderate.
- Available liquidity of NOK 645m per 31 December including committed undrawn credit facilities.

## Summary of financial position

(figures in NOK 1000)	31 Des 2023	30 Sept 2023
Non-current assets	2 074 286	2 039 203
Current assets	634 883	720 175
<b>Total assets</b>	<b>2 709 169</b>	<b>2 759 378</b>
Equity	1 920 693	1 971 054
Non-current liabilities	586 859	577 400
Current liabilities	201 617	210 923
<b>Total equity and liabilities</b>	<b>2 709 169</b>	<b>2 759 378</b>
Cash and cash equivalents (NOK 1000)	386 396	445 865
Net Interest-bearing debt (NOK 1000)	299 386	231 090
Equity (NOK 1000)	1 920 693	1 971 054
Equity ratio	71 %	71 %

## Summary of cash flow

(figures in NOK 1000)	Q4 23	Q3 23
Net cash flow from operating activities	5 293	-74 691
Net cash flow from investments activities	-67 232	-64 892
Net cash flow from financing activities	2 471	23 773
<b>Net change in cash and cash equivalents</b>	<b>-59 469</b>	<b>-115 810</b>

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# SUMMARY AND OUTLOOK



## **Fully operational at industrial scale**

Proof of concept demonstrated and steady state production within reach. Ready for scaling on back of cash generating phase 1.

## **Strong biological performance**

Good fish health and fish welfare demonstrated by consistent low mortality and exceptionally high superior share

## **Competitive farming cost**

Farming costs decreasing on back of higher biomass production. Ideal locations and scale will ensure competitiveness.

## **Strong financial position**

Solid shareholder base and strong bank relations.

## **Highly attractive market backdrop**

On the verge of significantly increasing harvest volumes. Strong price outlook for 2024 and beyond.



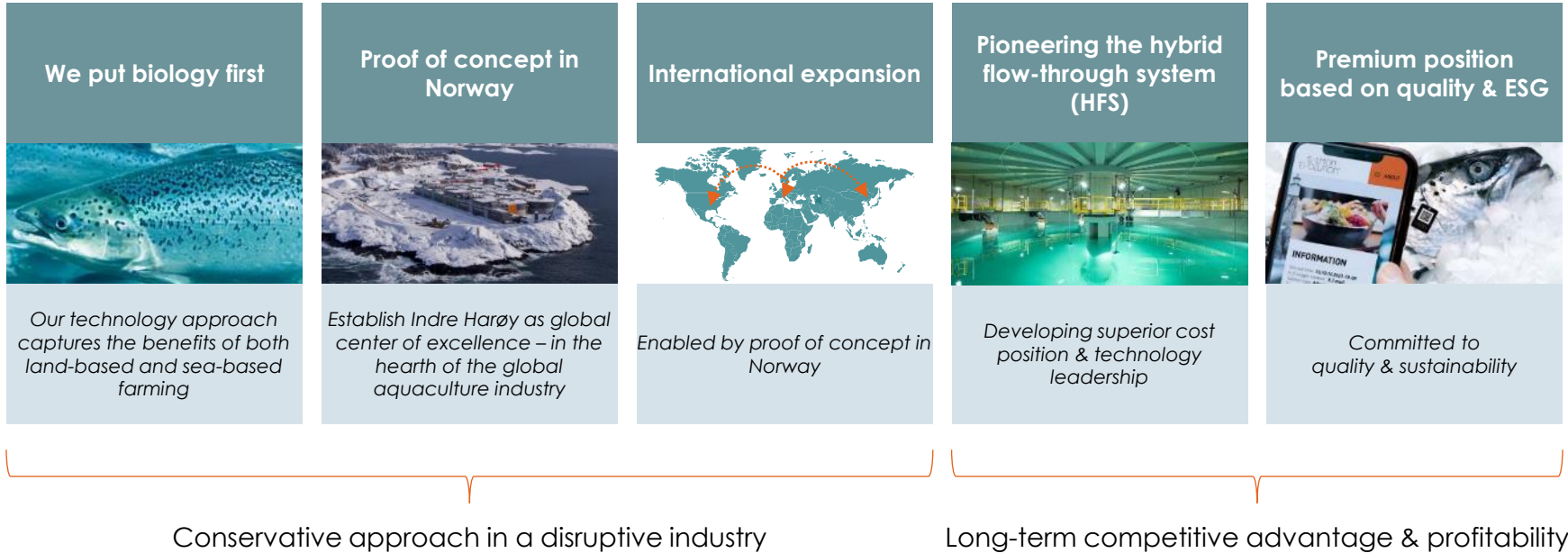
Q&A

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

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# SALMON EVOLUTION IS THE GLOBAL LEADER IN LAND-BASED SALMON FARMING



# ROBUSTNESS OF HYBRID FLOW THROUGH SYSTEM FULLY DEMONSTRATED AFTER ALMOST 2 YEARS IN OPERATION

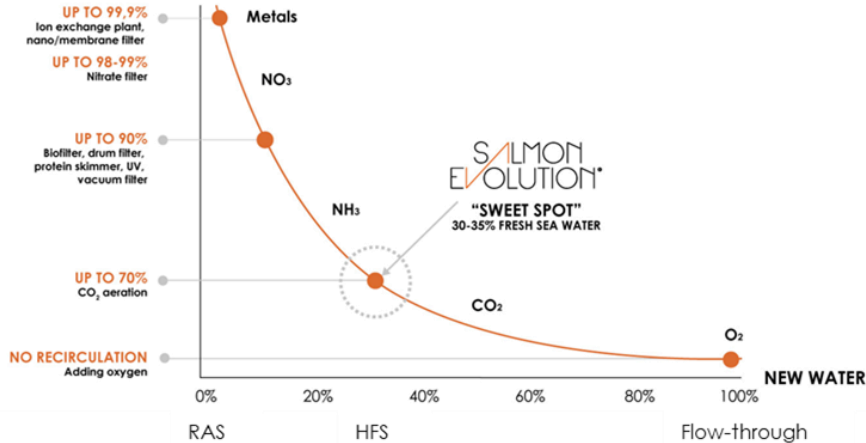
1

We have found the sweet-spot:  
Hybrid flow-through system (HFS)

2

Minimizing risk:  
Each tank is a separate biozone

RECIRCULATION RATE AND  
WATER TREATMENT COMPLEXITY



RAS  
Recirculating aquaculture  
system



Biofilter shared by  
several tanks –  
causing cross-  
contamination risk

SALMON EVOLUTION®




No biofilter – each tank a  
separate biological  
zone, eliminating cross-  
contamination

Fresh seawater is our primary form of water treatment, complemented by standard CO<sub>2</sub> stripping and oxygenation –  
no need for complex systems that significantly increase biological risk




# Strong management team with extensive experience leading a growing organization and corporation


## Management team

- 


**Trond Håkon Schaug-Pettersen, CEO**

  - >15 years experience from both salmon industry and capital markets notably at Hofseth International and Swedbank
- 


**Trond Vadset Veibust, CFO**

  - Former SVP Operations, IT and strategic projects at Ekornes. State authorized public accountant.
- 


**Ingjarl Skarvøy, COO**

  - >30 years experience in the seafood industry including at Salmar and Pan Fish
  - Co-founder of Salmon Evolution
- 


**Kamilla Mordal Holo, CPO**

  - >15 years experience from the construction industry including at the Norwegian Public Roads Administration
- 

**Odd Frode Roaldsnes, CCO**

  - >15 years experience in seafood sales and marketing notably as Sales Director at Ocean Supreme
- 

**Henriette Nordstrand, Technical Director**

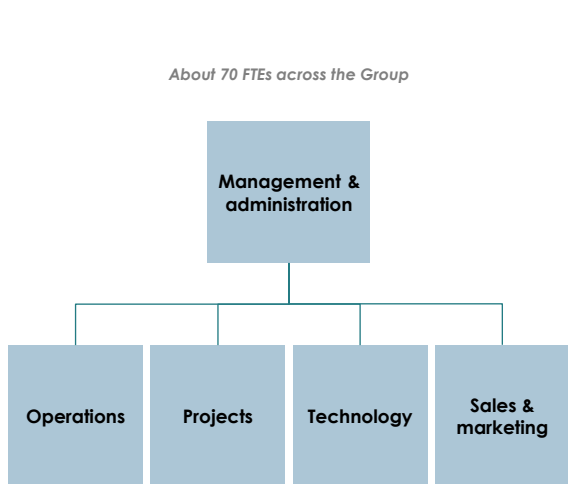
  - Joined SE in 2022
  - Head of smolt operations at Hofseth Aqua the last 5 years
- 

**Tore-Jakob Reite, Director Strategic Projects**

  - Joined SE in 2023
  - >25 years experience from aquaculture industry, most recently as CEO of Entec Brimer

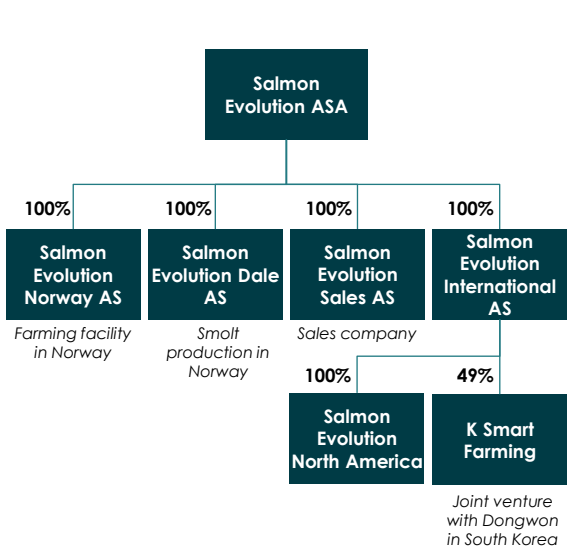
Highly experienced management team

## Organizational structure



Core organization in place and growing

## Corporate structure



Effective corporate structure optimized for clean reporting, ownership and financing

# Highly competent board of directors backed by strong owners

## Board of directors



**Tore A. Tønseth**  
Chairman of the board

- Investment Director at Ronja Capital
- >15 years experience in finance



**Eunhong Min**  
Board member

- Chief Executive Officer of Dongwon Industries, one of the largest seafood groups globally



**Peder Stette**  
Board member

- >20 years experience from technology development in the seafood industry



**Ingvild Vartdal**  
Board member

- Partner at Adviso law firm specialized in corporate and international tax



**Vibecke Bondø**  
Board member

- >20 years experience from the aquaculture industry
- Former CEO of SalmoNor and Chair for NTS ASA



**Janne-Grethe Strand Aasnæs**  
Board member

- Chief Executive Officer and majority owner of Strand Havfiske



**Anne Breiby**  
Board member

- Extensive experience from board positions in companies such as Ulstein Group, Rem Offshore and Akva Group



**Jan-Emil Johannessen**  
Board member

- >30 years of experience from the aquaculture industry, most recently as head of Benchmark Genetics

Competent board of directors with extensive industrial experience

## Ownership as per 31 December 2023

Shareholder	Ownership share	Board representative	Comments
Ronja Capital II AS	7.3 %	Tore Tønseth	Owned by founder of Sølvtans, a leading wellboat company
The Bank of New York Mellon SA/NV	6.3 %		
Farvatn Private Equity AS	4.6 %		
Dongwon Industries Co. Ltd	3.9 %	Eunhong Min	Dongwon Industries, JV partner in South Korea
Rofisk AS	3.5 %		Owned by founder of Rostein, a leading wellboat company
Kjøllås Stønsekriver AS	3.0 %	(Frode H. Kjøllås, chair nomination committee)	
J.P. Morgan SE	2.8 %		Former key executive and shareholder in Optimar
Stette Invest AS	2.8 %	Peder Stette	Former key executive and shareholder in Optimar
Verdipapirfondet Dnb Norge	2.7 %		
Evos AS	2.3 %		Subsidiary of Cargill, strategic feed supplier to Salmon Evolution
Verdipapirfondet DNB SMB	2.2 %		
Jakob Hatteland Holding AS	2.1 %		
Meivold Invest AS	2.0 %		Shareholder in processing partner Vikenco
Lyngheim Invest AS	1.9 %		Shareholder in processing partner Vikenco
Bortebakken AS	1.9 %		Shareholder in processing partner Vikenco
Other	50,6 %		
<b>Total</b>	<b>100,0 %</b>		

Strong backing including highly strategic owners across the value chain