



Salmon Evolution – South Korea update

26 February 2021



Entering into a JV with Dongwon to build a ~20kt facility in South Korea



- SE has entered into a term sheet for a JV (“**K Smart**”) with Dongwon Industries (“**Dongwon**”) to develop, construct and operate a **20,000 tonnes** LWE land-based salmon farming facility in South Korea using SE’s technology and competence
- Ownership split 49/51% for SE and Dongwon, respectively
- Facility expected to be built in **two phases**, each phase with an annual harvest volume capacity of **8,400 tonnes** (HOG)
- Highly attractive production site already identified in the Yangyang province
 - Very good data on water quality
 - Stable and optimal natural temperatures enabling highly attractive capex and opex efficiency
 - All of South Korea within less than 1 day trucking distance securing unparalleled freshness vs. other available fresh salmon distribution chains
- Separate smolt site also identified – existing salmonids production already in place with significant scaling potential



Source: Company

Salmon Evolution applies a conservative approach in a “disruptive industry”

1

Biology is the **most important** consideration – *Shown through our choice of technology (HFS)*

2

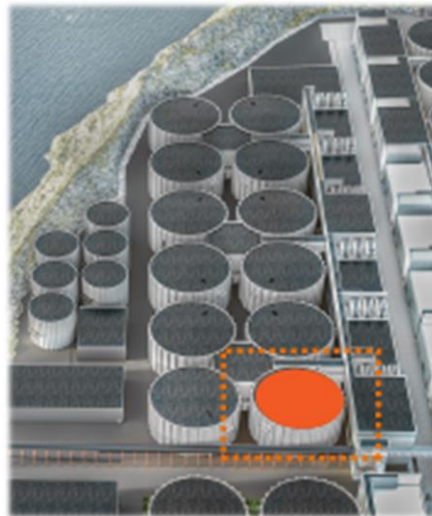
There is **much to learn**, even though we have decades of experience – *That’s why we start in Norway*

3

International expansion can be accelerated with strong local partners – *That’s why we don’t go solo on our first project overseas*

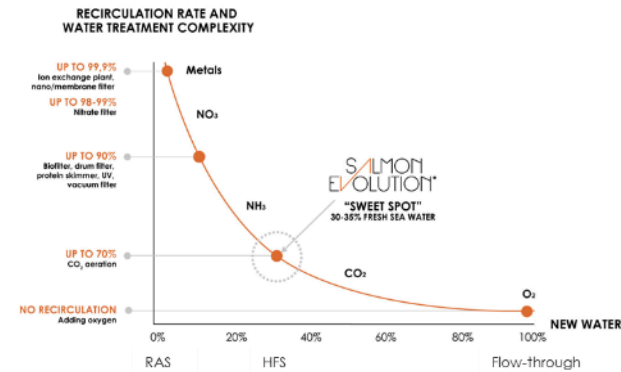
HYBRID FLOWTHROUGH ADVANTAGES (HFS)

- ✓ 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



INCREASED COMPLEXITY ABOVE 65% RECIRCULATION

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



Dongwon Industries is one of the world's largest seafood companies and the leading salmon importer in South Korea



Dongwon Industries

1969

Year of establishment

42

Total number of vessels

\$2.4bn

Revenue in 2020

\$2.6bn

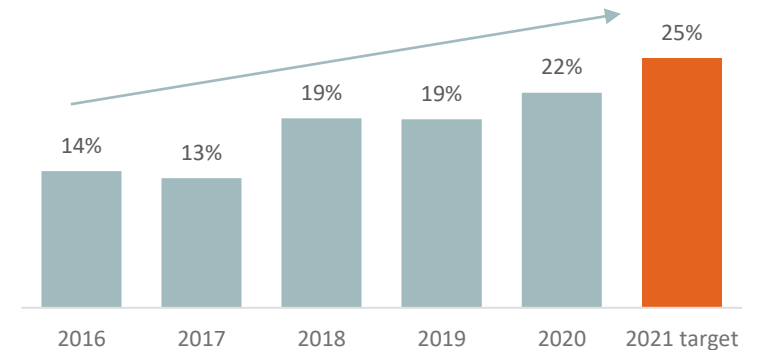
Total assets 2020

About Dongwon Industries

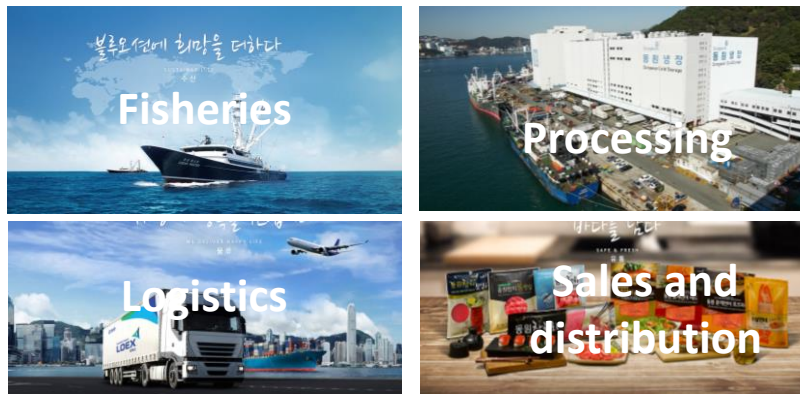
- World leading seafood company headquartered in South Korea and part of the Dongwon Group, a major Korean conglomerate
- Global sourcing and distribution network
- Tier 1 player in the global tuna fishing industry and owner of several high value brands, such as StarKist and Dongwon Tuna
- Covering the full value chain from fisheries to consumer products
- Dominant position in the Korean salmon market with 20%+ market share

Leading salmon importer in South Korea

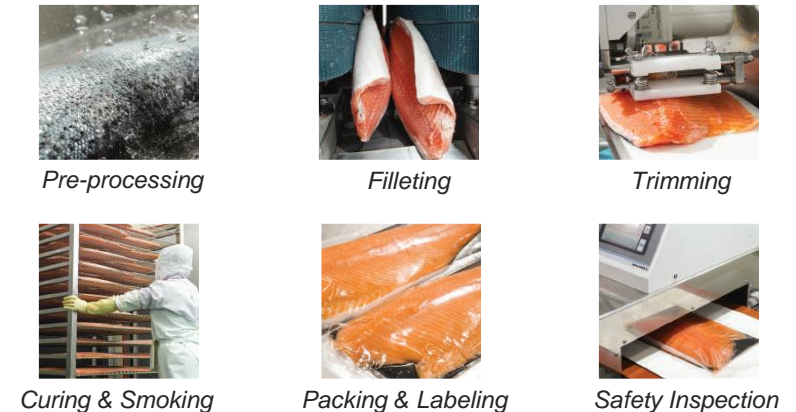
Market share (%)



Dongwon value chain – from catch to consumer

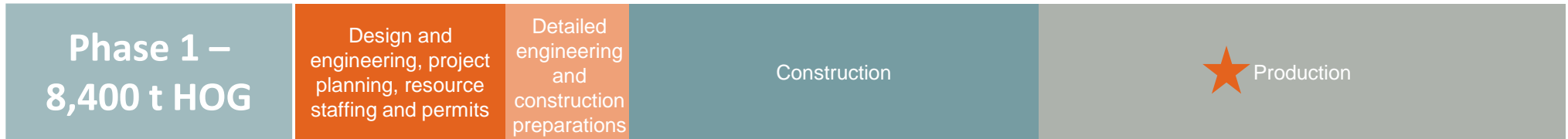
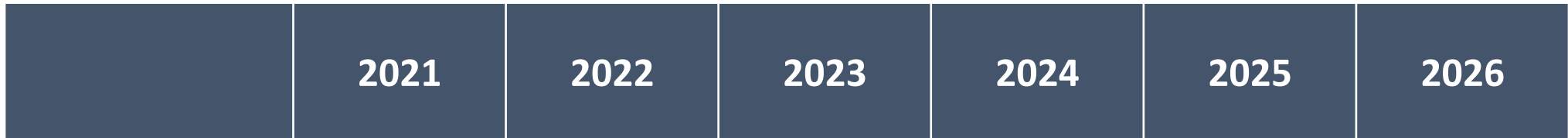


World-class processing system



Source: Company

Project timeline – first grow out production targeted in 2024



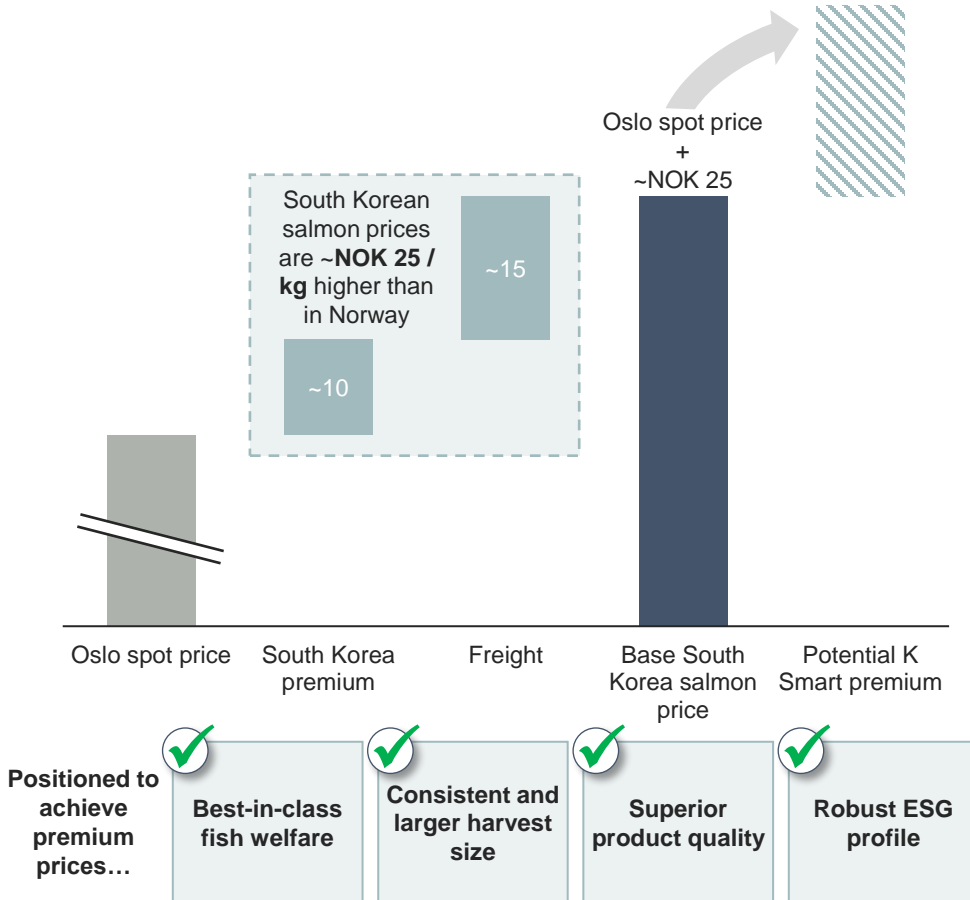
★ *First harvest*

First mover advantage in South Korea – a fast growing and high paying market for salmon with solid price potential



Positioned to achieve a premium on South Korean prices

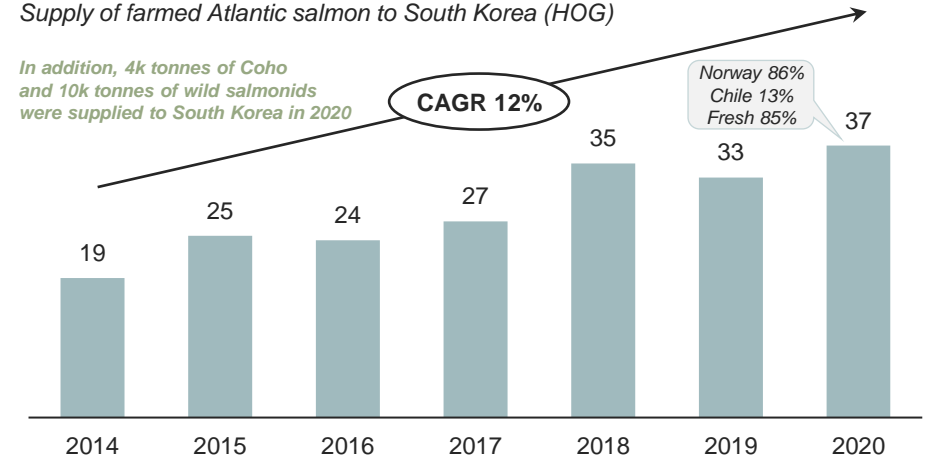
NOK / kg (HOG)



Salmon demand in South Korea is growing rapidly

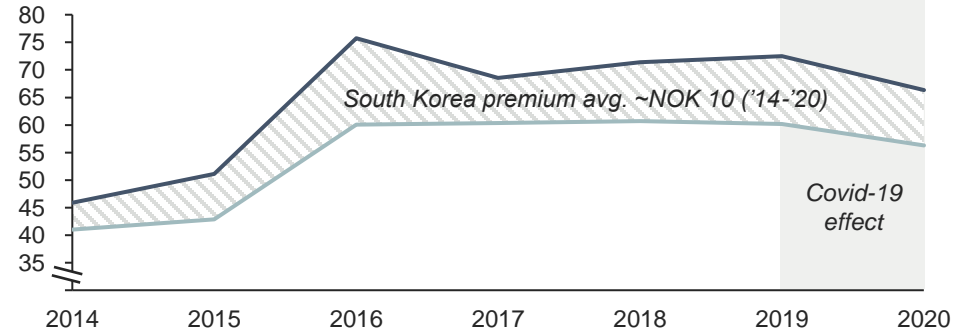
Supply of farmed Atlantic salmon to South Korea (HOG)

In addition, 4k tonnes of Coho and 10k tonnes of wild salmonids were supplied to South Korea in 2020



Consistent premium pricing of salmon to South Korea

NOK / kg (HOG)



Source: Norwegian Seafood Council, Kontali, Company.

High level summary of JV term sheet with Dongwon

Summary of JV term sheet for the South Korean facility

Background	<ul style="list-style-type: none">Joint venture between Salmon Evolution (49%) and Dongwon Industries (51%), to be named K Smart, which purpose is to develop, construct and operate a land-based salmon farming facility in South Korea
Production facility and timeline	<ul style="list-style-type: none">20,000 tonnes LWE (16,800 tonnes HOG) capacity, developed in two phases of 10,000 tons eachTarget construction start for phase 1 during 2022 with grow out production commencing in 2024
Capex and financing	<ul style="list-style-type: none">Total project cost for phase 1 estimated to NOK 1.6bnDongwon Industries to facilitate debt financing for K SmartSalmon Evolution expects to finance its equity contribution into K Smart within its already communicated equity funding planPhase 2 planned financed through bank debt and retained earnings
Governance	<ul style="list-style-type: none">Comprehensive set of governance principle aimed at maximizing the value of K Smart and serve as a solid foundation for a long-term partnership between the parties
Future projects	<ul style="list-style-type: none">The parties will jointly consider future opportunities for scaling similar projects in other attractive markets
Final agreement	<ul style="list-style-type: none">The parties target to enter into definitive agreements during Q2 2021

Source: Company

Thank you

A photograph of a lighthouse situated on a rocky island. The lighthouse is white with a red top and a black lantern room. The island is surrounded by water, and the foreground shows a close-up of water splashing, creating a bokeh effect. The sky is overcast.

Q&A

www.salmonevolution.no