

## Salmon Evolution – Results for the fourth quarter 2021

### Fourth quarter highlights

- Excellent project execution – on track for first smolt release in March 2022 – capex in line with budget
- Commissioning phase started - first tank filled with seawater in January 2022
- Entered strategic feed partnership with Cargill, combined with USD 5 million private placement towards Cargill
- Entered into green purchase power agreement with Statkraft, securing the vast majority of electricity needs through 2023 at attractive terms, confirming original budget assumptions
- Secured NOK 52 million debt financing package relating to Kraft Laks
- Kraft Laks smolt continuing to perform well, expected average release weight for first smolt of around 300 gram
- Available liquidity of NOK 983 million per 31 December 2021 including committed undrawn credit facilities

### Subsequent events

- Initiated phase 2 preparations at Indre Harøy – signed Heads of Terms with Artec Aqua for phase 2 build-out

All 12 fish tanks in phase 1 are now assembled and the intake station is technically ready for operation. During the quarter the Company successfully installed the two water inlet pipes, one going down to 95 meters water depth and one going down to 25 meters water depth. Further, installation of process equipment and pipes, including heat pumps, heat exchangers, O2 equipment and CO2 and nitrogen strippers continued in the fourth quarter.

Capital expenditures during the quarter were NOK 215 million. As per 31 December 2021, accumulated capital expenditures from project initiation in 2019 amounted to NOK 920 million. In addition, accumulated capitalized G&A amounted to NOK 51 million (including capitalized finance costs).

In October 2021 Salmon Evolution entered a strategic partnership with feed producer Cargill. Cargill has committed to allocate significant resources and R&D capacity, with the purpose of developing sustainable feed solutions tailored to Salmon Evolution's operational targets. As part of the agreement, Cargill invested USD 5 million in Salmon Evolution through a private placement.

Further, on 21 December the Company announced that it had entered into a 100% green physical power supply agreement with Statkraft, Europe's largest generator of renewable energy. Through the agreement with Statkraft, Salmon Evolution will be guaranteed 100% renewable energy for its land-

based salmon farming facility at Indre Harøy. The electricity will be sourced from Statkraft's hydropower plant at Grytten in Rauma Municipality, only ~60 km from Indre Harøy.

Finally, in February the Company announced that it has entered into a Heads of Terms with Artec Aqua for the planning of the phase 2 build-out at Indre Harøy. Phase 2 is expected to in principle be identical to phase 1 and add a further 7,900 tons HOG of annual production, bringing the total planned production volume to 15,800 tons HOG per annum. The purpose of the Heads of Terms is to enable Salmon Evolution to be in a position to swiftly commence construction of phase 2 following the completion of phase 1. The phase 2 investment decision is expected to be taken during second half of 2022, providing Salmon Evolution with the necessary flexibility to align phase 2 investments with its overall financing plan.

Commenting on the development, CEO Håkon André Berg, said:

*"2021 was a ground-breaking year for Salmon Evolution with a tremendous amount of efforts being undertaken by our employees and suppliers. We are truly excited about soon being able to welcome the first smolt into our facility at Indre Harøy. We have spent a lot of time preparing for this historical event and I have great confidence in our organization as Salmon Evolution now enters the next phase."*

## **Outlook**

Salmon Evolution is now only weeks away from releasing the first smolt into the fish tanks at Indre Harøy and the activity level at the construction site is high.

The commissioning phase in connection with the handover of the first fish tanks started in December and in January 2022 a major milestone was reached when the first fish tank was filled with fresh seawater from 95 meters water depth, validating both the water intake and offtake process.

Simultaneously with the high activity and progress at the building site, Salmon Evolution has over the last quarters built up a highly skilled operating organization which at the moment is actively involved in the commissioning phase of the facility. Significant resources have been devoted to training in order to facilitate a smooth transition when entering the operating phase.

Outside the upcoming production start, work efforts going forward will be focused on completion of the next sections of the facility as the first technical rooms and fish tanks are being finalized and handed over to the Company.

With Salmon Evolution soon entering the operational and commercial phase, the Company is very pleased to see that the market fundamentals for salmon remain very strong. The average Fish Pool salmon price was NOK 58.4/kg in 2021 compared to NOK 55.4/kg in 2020, representing an increase of 5.4% year over year. 2021 also marked a new record with total salmon export volumes from Norway reaching almost 1.5 million tons, representing an increase of over 13% compared to 2020.

Looking at 2022 most analysts expect limited global supply growth which should support a scenario with high salmon prices. Salmon Evolution sees a significant demand growth potential for salmon over the coming decade given that the industry is able to grow the supply side. In this context the Company remains firm in its belief that land-based farming will need to play an important role alongside conventional farming.

With the first smolt release being only a few weeks away, Salmon Evolution is confident that 2022 will be an eventful and exciting year for the Company setting the stage for significant growth in the years to come. This in turn will enable Salmon Evolution to take a global frontrunner position in the future development of land-based salmon farming.

### **Results presentation**

CEO Håkon André Berg and CFO Trond Håkon Schaug-Pettersen will present the results by webcast today, Thursday February 10 at 08:00 a.m. CEST.

The presentation and subsequent Q&A will be held in English.

The presentation can be accessed at [www.salmonevolution.no](http://www.salmonevolution.no), or with the following link: <https://streams.eventcdn.net/salmonevolution/2021q4/>

### **For further information, please contact:**

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### **About Salmon Evolution**

Salmon Evolution is a Norwegian land-based salmon farming company focused 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 under construction at Indre Harøy, strategically located on the Norwegian west coast with unlimited access to fresh seawater, renewable energy, established infrastructure for salmon farming, and an educated and experienced work force. The entire project is designed for an annual capacity of approx. 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.

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

To learn more, please visit [www.salmonevolution.no](http://www.salmonevolution.no)

*This information is subject to the disclosure requirements pursuant to section 5-12 of the Norwegian Securities Trading Act.*