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BluGen Begins RAS Design Process with Norwegian SIFT Group AS

BUSAN, SOUTH KOREA and TROMSØ, NORWAY — BluGen Inc., a South Korean aquaculture genomics technology company, and SIFT Group AS, a Norwegian farming-system technology innovator, have signed an agreement under which SIFT Group will be designing BluGen's RAS infrastructure.

Super Intensive Farming Technology (SIFT) is a farming system that improves fish welfare even at high fish density. This system was developed by SIFT Group in 2016 with continuous scientific and technological developments since its launch, as the system is based on research and development that began in 1988. It is a comprehensive system that optimizes the growth environment, based on Recirculating Aquaculture System (RAS) as water treatment technology.

SIFT uses stacked raceways, even for certain pelagic species, which is made possible by controlled water flow and advanced water treatment systems that allow for higher biomass densities up to 100-300 kg/m³. For BluGen's olive flounder, a non-pelagic species, SIFT's shallow raceways are well-suited for controlled and stable growth conditions, all the while maximizing production.

"The agreement with BluGen is very important for us," says Dr. Torbjørn Trondsen, CEO and Co-founder of SIFT Group AS. "After many years of research and development, the vertical SIFT design has proven to deliver cost-efficient production factors for both bottom-dwelling and pelagic aquaculture fish species by high utilization of land, with far more fish production per square meter of land, better degassing, and less use of make-up water. The agreement with BluGen is our first international delivery that will be implemented at the same time as we are building our own SIFT farm for salmon in Norway."

For BluGen and its investors, partnering with SIFT Group is attractive, as the SIFT system is operationally proven in commercial-level production for a variety of fish species relevant to BluGen's project. In addition to SIFT Group's own pilot facilities, various farms in Europe have been using the SIFT system for commercial production of sole and turbot for the past decade with optimal economic results and very low mortality rates. BluGen will be adopting a similar systems design, but with upgraded technological components.

"It has been a long discovery process in identifying our farming system and RAS technology partner. We spent a significant amount of time reviewing SIFT both on and off site. Ultimately, we decided that SIFT Group's technology, design, team, and approach are the best fit and specific to our species and project. We're very happy to be working with SIFT Group," states Dr. Woo-Jai Lee, BluGen Founder and CEO.

This agreement pertains to Stage One (out of three total stages) of the project, which is on pre-documentation and design planning of SIFT modules for BluGen's production facility.

While exact figures are to-be-determined as SIFT Group and BluGen work on design, production capacity is estimated to be at least 1,700 MT/yr of harvest-grade olive flounder, in addition to juvenile production. With optimal operations, BluGen may double its originally anticipated production capacity based on previous discussions with other RAS technology providers.

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Stage Two is limited to the installation and running of the testbed, which will allow BluGen and SIFT Group to mitigate risk and allow room for fine-tuning before full-scale delivery. The third and final stage involves full-scale delivery of the rest of the production facility.

The timing is right, as BluGen's civil structure that will house the growth-system is about 75% complete as of February, 2023. Civil structure completion is estimated for June/July, 2023, and BluGen is anticipating delivery and installation of the testbed beginning July 2023. Delivery and build-out for full production is to follow in 2024 after a successful testbed run.

BluGen background information:

BluGen—an established genomics and precision-breeding aquaculture company—is building South Korea's first sustainable super-intensive RAS facility to commercialize its 8th generation olive flounder broodstock for the production of 1,700 tons of harvest-weight olive flounder as well as juveniles. BluGen is led by CEO and Founder Dr. Woo-Jai Lee, who was previously Director of R&D of genomics at GenoMar, under which he initiated and continued breeding programs for tilapia as well as for salmon to supply major salmon producers in Norway. For more information, please visit <u>www.blugen.fish</u>

For more information on SIFT Group, please visit <u>www.siftgroup.no</u> or contact Torbjørn Trondsen at tt@siftgroup.no; phone +47 90740832.