

To: The shareholders of Kalera AS Att: The Board of Directors

From: KWC Revisjon AS, Navn Etternavn

Date: 12 July 2021

Kalera AS – Independent statement regarding the contemplated acquisition of &ever GmbH

1 BACKGROUND

Kalera AS (“Kalera” or “Company”) on 31 May 2021 submitted a non-binding letter of intent (the “Proposal”) in respect of a potential strategic transaction (the “Transaction”) with &ever GmbH (“&ever” or the “Target”), whereby Kalera would offer to acquire all of the shares of &ever through a combination of cash and share consideration. The Proposal reflects an enterprise value of €130 million (one hundred thirty million euros), including the Target’s fully diluted shares outstanding, total debt, preferred stock, non-controlling (minority) interest, cash and cash equivalents. Specifically, the Proposal set out the following settlement structure for the consideration:

- Cash consideration equivalent to €23 million, and
- €107 million in shares of our Euronext Growth Oslo listed parent, Kalera AS, based upon the volume weighted average price (VWAP) for the 90 consecutive business days prior to the first issuance of this Proposal on May 26, 2021. This translates to 29,694,060 (twenty-nine million six hundred ninety-four thousand sixty) Kalera AS shares.
- Based on the number of Kalera shares outstanding per 8 July 2021, the &ever shareholders will hold a 15.1% share of the Company post Transaction
- The shares would be subject to a twelve (12) month lock-up period.
- The final purchase price and number of shares to be issued in connection to the Transaction will be subject to customary adjustments for any deviation from an agreed level of net working capital at closing.

1.1 KALERA AS

Kalera is a technology driven vertical farming company with growing methods that combine optimized nutrients and light recipes, precise environmental controls, and clean room standards to produce safe, nutritious, pesticide-free, non-GMO vegetables with consistent high quality and longer shelf life on a year-round basis. Kalera’s high-yield, automated, data-driven hydroponic production facilities have been designed for rapid roll-out and short payback times to grow vegetables faster, cleaner, at a lower cost, and with less environmental impact.

The Company currently has facilities in operation, with new facilities scheduled to open in the summer of 2021. An additional five US large scale projects have been announced and remain on-time and on-budget. Currently, the Company is one of the fastest growing vertical farming companies in the world. Importantly thus, although the Company is generating revenues, its value is mainly driven by expected future cash flows.

1.2 &EVER GMBH

&ever also operates within the vertical farming sector, and much like Kalera they work to provide consumers with fresh, locally grown, and pesticide-free salads and herbs, which can be harvested on demand. In addition

to operation and development of large vertical farming facilities, &ever is also deploying smaller “growth towers”, which may be installed and operated on much smaller scale (e.g. in super markets).

Currently, the Target only has one larger facility in operation (in Kuwait), and one facility under construction (in Singapore). However, the Target’s financial projection, as adjusted by Kalera, assumes a roll-out of up to 31 new farms and growth towers over the next 5 – 6 years. As the vertical farming sector is still at an early stage of development, with most players having no or limited current revenue generation, it is natural that the respective players aim for and expect strong growth trajectories going forward.

1.3 SYNERGY POTENTIAL

The Transaction offers synergy potential related to several aspects of the businesses of Kalera and the Target:

- Operational: Improved economies of scale efficiency improvements by reciprocal implementation of best practice solutions from the two companies (e.g. deployment of growth towers and &ever’s superior tray movement system, consolidation of back-office functions, increased bargaining power, etc.)
- Complementary technologies
- Complementary geographical footprint and roll-out plans

2 INDEPENDENT STATEMENT (“FAIRNESS OPINION”)

KWC Revisjon AS (“KWC”) was engaged by the Company to provide an independent statement (“fairness opinion”) on whether the proposed Transaction would be “fair” in respect of the shareholders of Kalera. However, as commented below, the scope of our engagement does not include an assessment of the “fairness” of the market capitalization, as set out as 90 days VWAP in the Proposal, of the Company relative to its expected future cash flows. Thus, our statement is based largely on the assumption that the market capitalization of Kalera is “fair”. However, as noted in section 5 below, the 90 days VWAP is higher than the Company’s share price as of 7 July 2021.

KWC will receive a fee for its services on delivery of this statement, based on the number of hours incurred. No employee of KWC owns shares or has any personal or financial interest in Kalera or &ever, or the consequences of the Proposal, other than the performance of this engagement

3 SCOPE

KWC has applied several valuation methods and supporting analyses in performing this engagement. We have used information we have requested and received from the Company, capital market databases and public information available, as well as the contents of the Proposal. We have received all information that we have requested from the Company.

We have not conducted any independent verification of the information we have received. For the purposes of this statement, we have assumed that all information we have received is correct, complete in all material respects, and not misleading. We also note that we have not evaluated any tax or legal issues related to the Company.

4 METHODOLOGY

In making our assessment of the Proposal we have reviewed and considered the Proposal from a number of perspectives. We have sought to obtain support for our work using information from a variety of sources. We have assessed and reviewed the Company’s valuation analyses using based on our thorough experience with widely accepted valuation principles and methodologies. The scope of our work can be summarized as follows:

- Considered the strategic and financial rationale behind the Proposal, including the growing global investments in and efforts to develop vertical farming systems that can match the market opportunity¹, as well as the evaluations and assessments by Kalera’s management.
- Considered the trading history and share price development of the Company’s shares on the Euronext Growth Oslo.
- Considered pricing and valuation multiples for comparable listed companies, so called peer group analysis.
- Reviewed and performed quality assurance and on the Kalera’s discounted cash flow analyses based on Target’s forecasts and the Company’s adjustments to the Target’s forecast, as well as assessed the overall reasonableness of the cash flow analyses. As part of this, we have performed a “walk-through” of Kalera’s financial model, supported by the Company’s management.
- We have also considered the dilution of the current Kalera shareholders, and the relationship between dilution and valuation of Kalera and the Target, respectively.
- Considered such other factors and performed such other analyses as deemed appropriate in the circumstances.

We have considered the results of all of the above in arriving at our conclusion. The evaluations supporting our conclusion contains subjective elements, including our own best effort estimates derived from the information obtained and our extensive experience in valuation matters. Further, as the enterprise values of both Kalera and &ever are largely driven by expected future revenues (i.e. growth cases), there is inherently significant estimation uncertainty involved in assessing these values.

5 ASSESSMENT AND EVALUATION OF THE OFFER

We have not identified any information to suggest that the Proposal and the process leading up to the Proposal have been anything other than an arm’s length market transaction.

The Proposal represents a significant discount relative to a DCF value calculated based on Target’s projections, and also relative to the DCF value calculated based on the Company’s adjusted projections.

We have also assessed the Target’s implied revenue multiples (EV/Revenue) for the fiscal years 2021 through 2024, and compared these with multiples for listed comparable companies (the implied multiples are derived from Kalera’s adjusted projections). As would be expected, as the Target is less mature than its listed peers, these multiples are higher than peers for 2021 and 2022, whereas they are lower for 2023 and 2024. Thus, if Kalera post Transaction is able to realize the potential set out in their projections for the Target, the relatively low implied multiples of future earnings (2023 and 2024) indicate a significant potential for generating strong returns.

The 90 days VWAP amounts to approx. NOK 36.80 (based on the EUR/NOK exchange rate per 7 July 2021). In comparison, the closing share price on 7 July was NOK 29.30. Thus, if the consideration shares had been issued based on the 7 July share price, the number of consideration shares would have amounted to 37,303,925. This would have yielded a post Transaction ownership of 18.3% for the current &ever shareholders.

The Proposal price therefore reflects a substantial discount compared to the Target’s own projections. Further, as the Transaction is expected to be accretive for the Company’s shareholders, as the implied revenue multiples for the Target are lower than Kalera’s, the synergies and the complementary technology constitute a potential risk reduction for the shareholders, while maintaining the exposure to the vertical farming sector.

These analyses provide substantial support that the Transaction provides Kalera’s shareholders with significant parts of the synergy potential that is expected to accrue to the combined Kalera &ever business.

¹ <https://assets.kpmg/content/dam/kpmg/nz/pdf/2021/06/agribusiness-agenda-report-2021.pdf>

6 CONCLUSION AND RECOMMENDATIONS TO THE SHAREHOLDERS OF KALERA

Based on the matters set out above, we have concluded that the terms of the Proposal are fair from a financial point of view and that the Proposal EV of EUR 130 million represents a full and fair arm's length price for all of the outstanding shares of &ever.

However, this statement is not intended to be and shall not constitute or be construed as a recommendation to the Board of Directors of Kalera as to whether to complete the Transaction or not, and the board of directors remains solely responsible for its own decisions.

KWC Revisjon AS



Simen B. Weiby

Partner, Norwegian state authorized accountant