



PROXIMAR  
SEAFOOD

Company presentation  
31.5.2022



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# Proximar's outlook - better than ever

## On time and cost



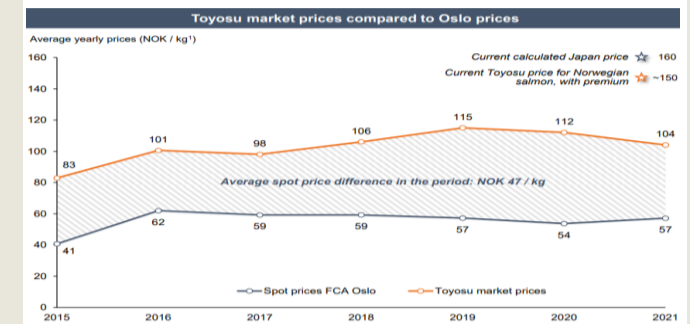
- Well into construction, operational start in 3Q this year
- On time, on budget -> 95%+ fixed cost
- 5,300 tonnes annual production capacity (head-on-gutted)
- Located by the foot of Mt. Fuji, ~1.5 hours drive from Tokyo
- Expected first harvest in 2Q 2024

## Local production – more right than ever



- Saving significant transportation cost and CO<sub>2</sub>-emissions
- Sustainable food production / ESG trend is accelerating amongst Japanese consumers
- Recently even stronger focus on domestic food production, also due to geopolitical situation
- Stable demand growth for salmon in Japan, driven by younger generation

## Strong financial outlook



- Imported Atlantic salmon are receiving record high prices
- Market price Tokyo ~NOK 47 above Oslo FCA on average last 5 years
- Forward prices 2024 implies NOK 100+
- Proximar's expected production costs ~NOK 50 / kg





# Several important milestones reached during 2021 and H1 2022



The construction is progressing **according to time, schedule and budget** – less than 0.5% CAPEX impact related to material cost increase - target maintained @ NOK 195 / kg



**Sales and distribution agreement with Marubeni signed** covering sale of all volumes produced by Proximar for the Japanese market with an initial term of 10 years – also a significant milestone and statement of credibility in Japan



**Strong project management and administration in place** – including newly appointed COO and facility managers with extensive operational salmon farming experience



Four experienced and independent **board members appointed** since IPO:

- Chair: Kathrine Trovik (elected '21)
- Fridtjof Falck (elected '21)
- Viggo Halseth (elected '22)
- Peter Hermanrud (elected '22)
- Per Grieg Jr. (since 2018)



The AquaMaof **technology**, in the R&D facility, **has proven its functionality** in salmon farming **for 5 years**



**Secured Japanese debt and working on a number of different alternatives for further debt financing** – ongoing processes developing positively, maintaining debt target ratio ~50%





# Construction on time and cost - more than 95% of CAPEX fixed and limited exposure to material cost increase (estimated ~0.5% effect)



## Hatchery and Nursery building:

- Ongoing installation of production tanks and interior works
- Start operation 3Q 2022 with the first eggs to be delivered



## Post smolt grow out building:

- Ongoing steel erection
- ~70% of concrete works completed
- Targeted completion construction works mid 2023



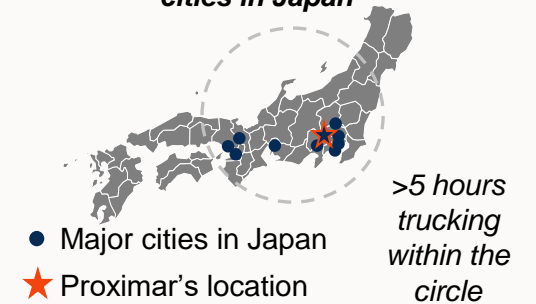
# Significant cost advantage of local production in Japan, serving a fresher and domestic product

## High transportation and logistics costs from Norway



## PROXimity to MARket

Central location close to the major cities in Japan



- Proximity to market is the key in our strategy and business model, serving fresher fish with shorter transportation route to market
- Located close to Tokyo, reaching a market of ~38 million people ~1.5 hours by truck from our facility
- Less than 5 hours from by truck to other major cities like Osaka, Kobe, Kyoto and Nagoya
- Domestic market of ~126 million people

Sources: Company, Kontali

1) 2021 Atlantic salmon supply to Japan from Norway (based on HOG numbers)

2) Based on the average monthly price difference between export prices in Norway and import prices in Japan since 2016, including a 3.5% import duty added upon arrival



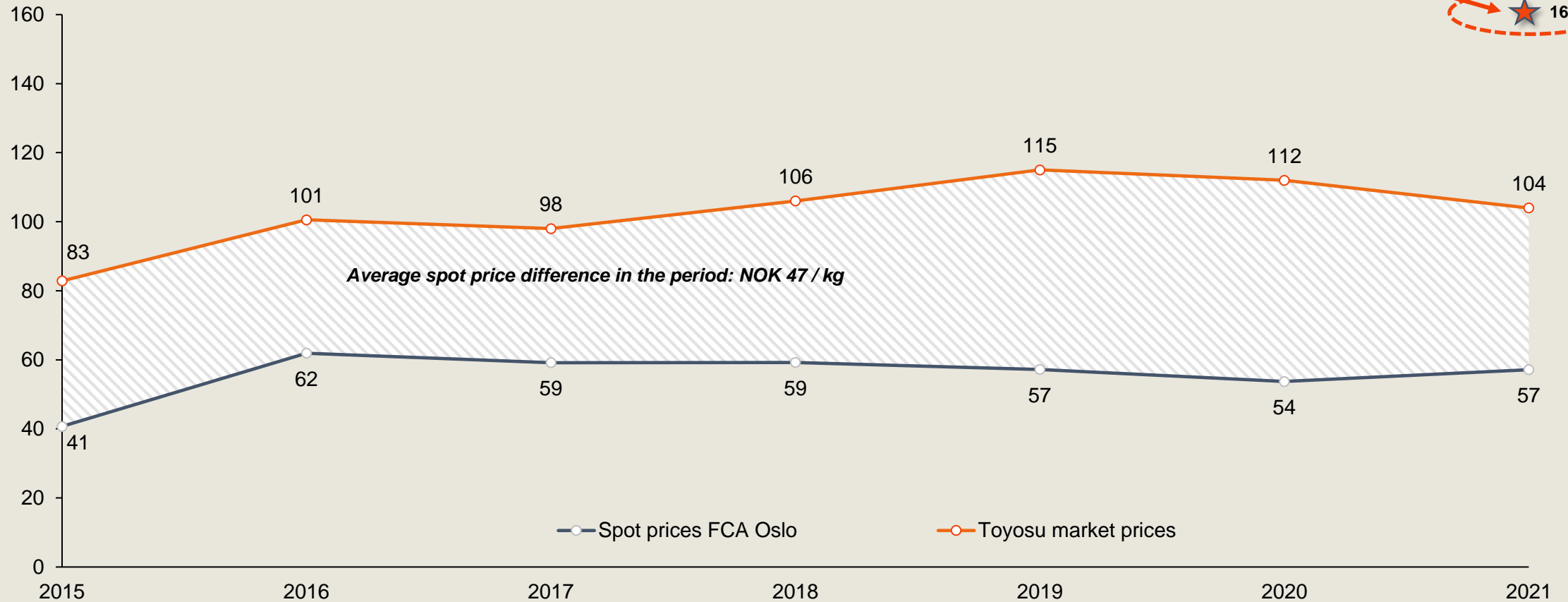
# Significantly higher prices due to long haul transportation – average difference last 5 years ~NOK 47 / kg

## Toyosu market prices compared to Oslo prices

Average yearly prices (NOK / kg<sup>1</sup>)

Reference price using current import price Japan

165

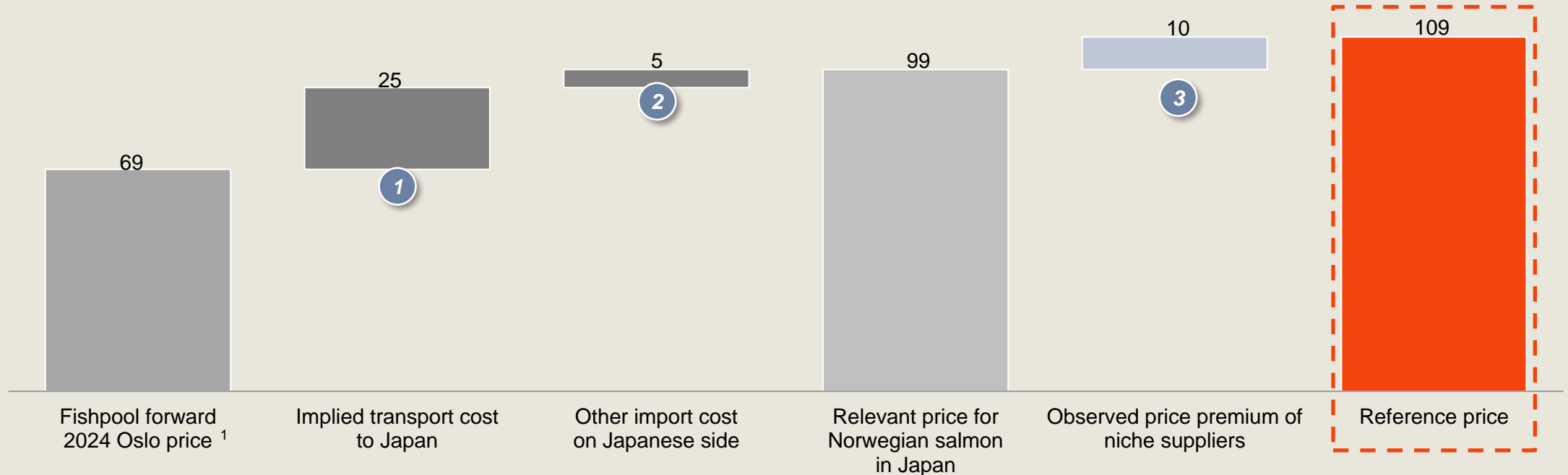




# Not a bet on high salmon prices, but a significant cost advantage

Relevant pricing in Japan given transportation benefit and observed premium supports a price of NOK 109 / kg

NOK / kg (HOG)



**1 Implied transport cost to Japan**

- Based on the average monthly price difference between export prices in Norway and import prices in Japan since 2016, including a 3.5% import duty added upon arrival

**2 Other import cost on Japanese side**

- A NOK 5 / kg cost increase from import to sales is the market standard in Japan, due to customs, handling, trucking, importer margin and other local costs

**3 Observed price premium of niche suppliers**

- Observed premium for Scottish and Tasmanian salmon in Japan

Sources: Kontali, Fishpool, Company  
1) As of 16<sup>th</sup> May 2022.

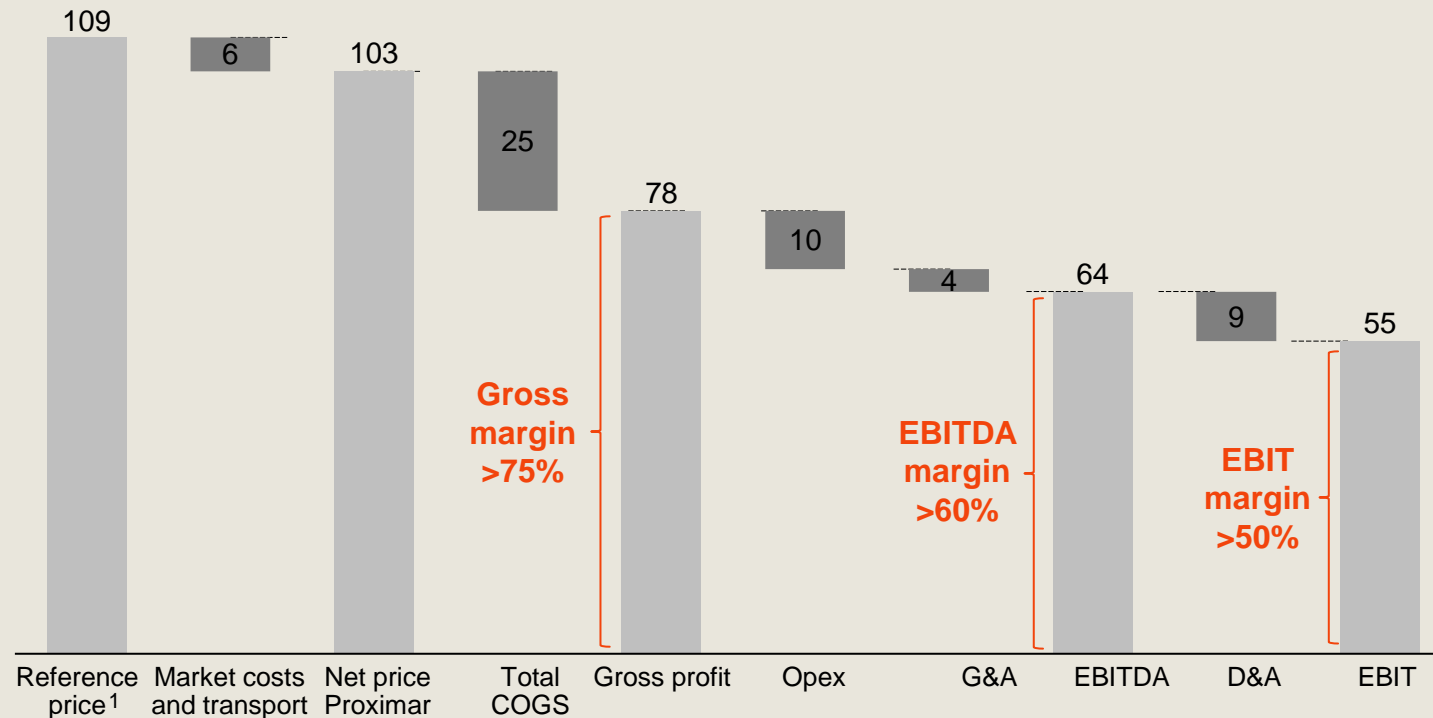




# Proximar's production cost expected around NOK 50 / kg implying a significant earnings potential

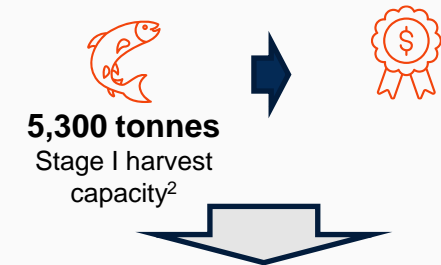
## Unit economics break-down assuming gross price of NOK 109/kg

NOK / kg (HOG)



## Illustration of business model

- Estimated production costs ~NOK 50 / kg (EBIT)



Alternative price scenarios	Reference price (NOK/kg)	Implied EBIT (MNOK)
Reference price @ present import price Japan	165	~ 590
Reference price using 2024 forward price <sup>3</sup>	109	~ 290
Lower price assumption (50 NOK/kg Oslo FCA)	90	~ 190

Sources: Kontali, Bloomberg  
 1) As indicated on slide 8  
 2) HOG  
 3) From FishPool



# Marubeni – our partner in sales, marketing and distribution

## An important acknowledgement of Proximar and statement of credibility in Japan

- One of Japan's largest trading companies with a strong position in Japan
- Founded in 1858, market cap of USD 19 billion
- Exclusive distributor in Japan for all production
- Initial term of 10 years
- Believed to increase Proximar's pricing power and reach in the Japanese market
- Significant positive effect in terms of Proximar's credibility in Japan
- Large interest following the announcement, from media and potential buyers of our fish

The collage includes several key elements:

- Newspaper Article (Top):** A page from 'Nikkei' (日本経済新聞) dated 2022年04月25日 (April 25, 2022). It features a photo of two men, one in a suit and one in a Proximar uniform, holding a certificate. The headline is '丸紅、ノルウェー社の国産陸上養殖サーモン販売' (Marubeni, Norwegian company's domestic land-based salmon sales). The article discusses Proximar's salmon farming operations and the partnership with Marubeni.
- News Snippets (Middle):** Several smaller text blocks providing details about the salmon farming facility, including mentions of '静岡県小山町' (Shizuoka Prefecture, Komatsu City) and 'アトランティックサーモン' (Atlantic salmon).
- Advertisement (Bottom):** A large advertisement for Proximar's salmon farming facility. It features a large image of the facility's construction site with the text '国内最大級の陸上養殖施設建設' (Construction of the largest land-based salmon farming facility in Japan). Other text includes '富士山の麓でサーモン養殖' (Salmon farming at the foot of Mount Fuji) and '国内最大級 環境にも配慮' (Largest in domestic, also considering the environment). A QR code and a phone number are also visible.



# Our ESG advantage

## - Proximar's business model puts sustainability at centre



The **Carbon Footprint** from Proximar's supply chain is significantly lower than that of imported salmon, due to the omission of long distance freight



Proximar will increase **local food supply** and **food security** through sustainable seafood production



Proximar will secure **efficient production** through low feed conversion rate and reduced waste as a result of longer shelf life



Proximar will **recycle** 99.7% of the water used in production. High quality and clean **water** supplied by groundwater at ~100 m depth



Proximar's closed system eliminates threats to local **marine life** and its ecosystems, and provides a **safe environment** for the fish



Proximar has strong requirements relating to the **feed supply** and has chosen a supplier which works actively to be sustainable



Proximar's facility will be located in a precious area of Japan. The company is always searching for **sustainable solutions** in both construction and operation



Proximar will secure access to **renewable energy** by installing a rooftop solar power system, and purchasing renewable energy certificates



Proximar will provide **local employment** while promoting diversity and equality



Proximar will offer fresh salmon to the Asian market, **free of medication** and the traditional challenges of lice and micro plastics



All **waste** will be handled and disposed in a safe way. Water is treated and disinfected before discharged



Proximar was awarded **Cicero's Dark Green shade** and the **highest rating "SU1(F)"** from **JCR**<sup>1</sup> after review of Proximar's sustainability framework. In the coming years, Proximar aims to obtain an ASC certification.

1) Japan Credit Rating Agency

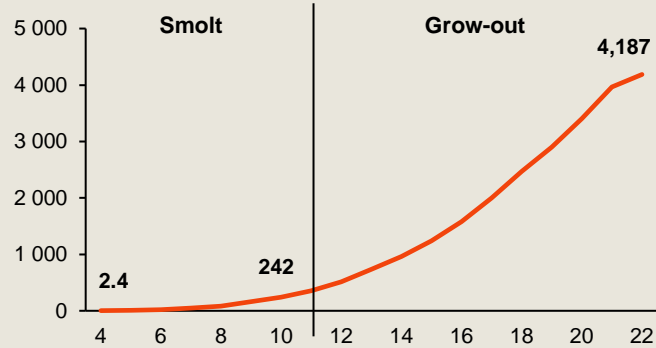




# AquaMaof's facility in Poland demonstrating strong performance

## Actual growth performance

Size in grams / month at the Poland facility (last 5 batches)



The fish in Poland are grown in low salinity water



## Performance references

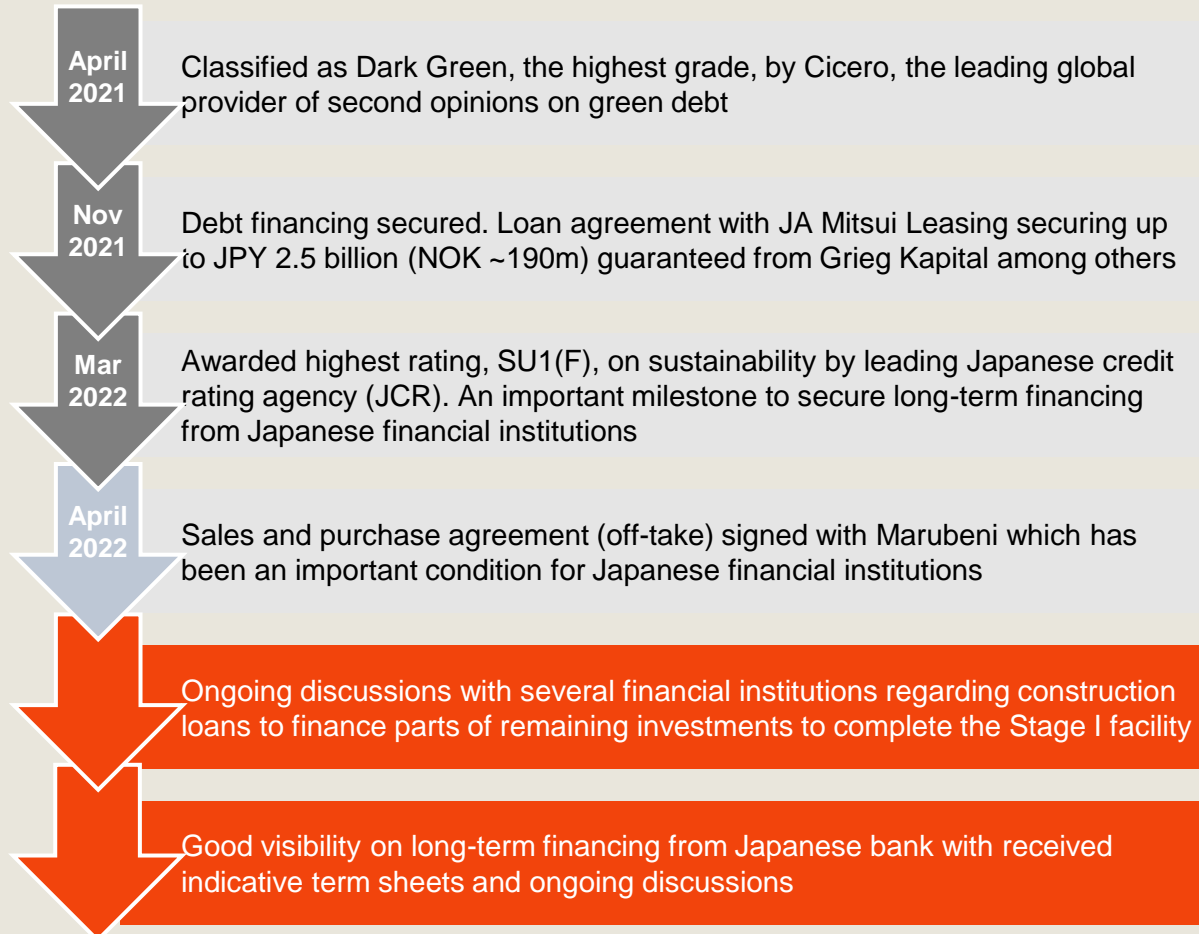
- No events of mass mortality or malfunctioning
- Last 5 batches totalling 332 tonnes, harvested and sold to the market
- Hatchery mortality: Up to 50 grams < 10%
- Grow-out mortality: Production all batches < 7%
- Stocking density
  - 50 m<sup>3</sup> average 55 kg / m<sup>3</sup> (max 148 kg / m<sup>3</sup>)
  - 200 m<sup>3</sup> average 71 kg / m<sup>3</sup> (max 125 kg / m<sup>3</sup>)
  - Current operational ceiling max 85 kg / m<sup>3</sup>







# Status debt financing for the stage I facility => positive progress



## Status on remaining debt financing

- I Status on construction loan financing**
  - Ongoing dialogue with Japanese and international financial institutions to finance the remaining capex need up until first harvest
  - Discussions include both bank and other financing alternatives
  
- II Status on long-term debt financing**
  - Worked with Japanese financial institutions to secure long-term debt since 2019
  - Highest sustainability credit rating achieved from both Cicero and Japan Credit Rating Agency
  - Off-take agreement with Marubeni in place – important for Japanese financing institutions



# Summary

*-Strong outlook and well prepared for start of operations*

- › The construction is progressing according to **time and cost** with more than 95% of CAPEX fixed – limited exposure to material cost increase
- › The **technology** by AquaMaof has proved its functionality for farming Atlantic salmon for 5 years
- › Organization strengthened and **key employees** with relevant experience in place for successful operational start-up
- › The Japanese **market** even more attractive in terms of prices and consumption growth
- › Strong **long-term fundamentals** in terms of the macro-outlook for salmon
- › Focus on **securing local food production** following pandemics and geopolitical tension
- › Believe we have a **significant first mover advantage**, as the first and only large land-based facility for salmon under construction in Japan





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