



# PROXIMAR

SEAFOOD

1<sup>st</sup> half 2022 reporting



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## Today's speakers



Joachim Nielsen  
CEO



Pål Grimsrud  
CFO





## Proximar Seafood's vision



*“Our vision is to be a leading provider  
of sustainably produced seafood and contribute  
to feed a growing population with proteins.”*



# Well positioned in terms of operations and business outlook

## Local production



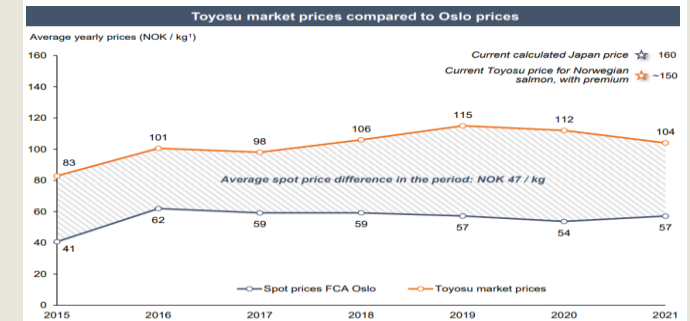
- 5,300 tonnes annual production capacity (head-on-gutted)
- Located by the foot of Mt. Fuji, ~1.5 hours drive from Tokyo
- Expected first harvest in medio 2024
- On time, on budget -> 95%+ fixed cost
- Saving significant transportation cost and CO<sub>2</sub>-emissions

## Operations about to start



- Completion of the Hatchery & Nursery facility in September
- Production start scheduled in October
- Core operational team in place
- Off-take agreement Marubeni signed
- Continuing successful operations at the Aqua Maof facility demonstrating functionality and stable performance

## Robust business outlook



- Imported Atlantic salmon receiving record high prices
- Market price Tokyo ~NOK 47 above Oslo FCA on average for 2017-2021
- Forward prices 2024 implies NOK 100+
- Proximar's expected production costs ~NOK 52 / kg (EBT-cost)



# Important achievements during H1 2022



The construction continues 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 – ongoing preparations for sales and marketing strategy



**Strong operational team now in place at the facility** – all key positions filled, all with relevant and extensive operational salmon farming experience, including grow out and RAS



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**, continuing to show robust and stable performance, maintaining good growth conditions also for salmon



**Achieved highest rating for ESG from Japan Credit Rating Agency** – an important acknowledgement, and increasing focus on ESG also experienced from the Japanese financial institutions







## Construction on time and on budget



### Hatchery and Nursery building:

- Ongoing interior work, final equipment assembly
- First batch of eggs to be received in October



### Post smolt grow out building:

- Ongoing steel erection and tank installation starting shortly
- Targeted completion construction works 3Q 2023

Construction of facility according to original schedule – completion of construction targeted 3Q23

Unchanged CAPEX estimate, with more than 95% of CAPEX fixed and limited exposure to material cost increase

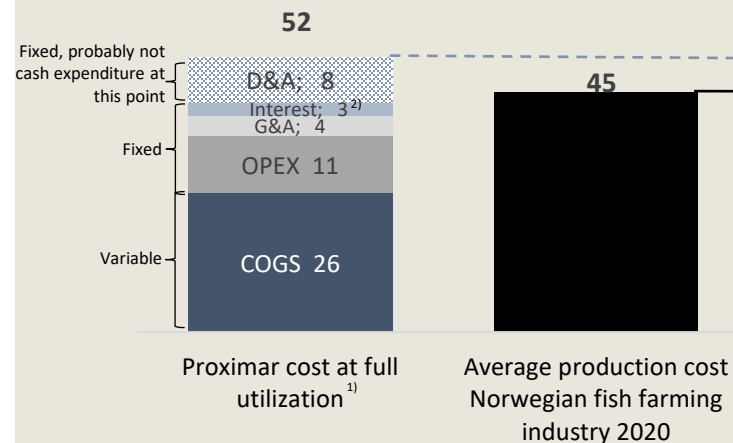


# Proximar has an estimated EBT-cost of ~52 NOK/kg at full utilization, in line with expected production cost in Norway



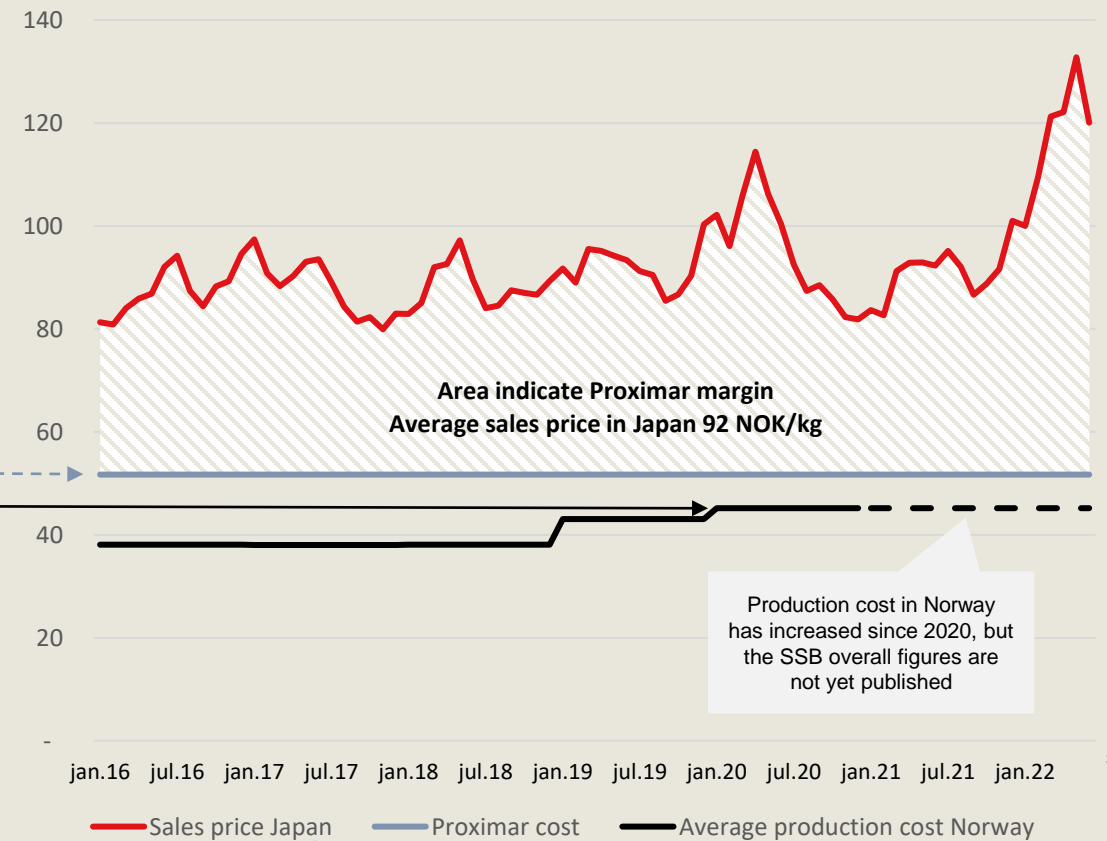
## Proximar non-tax cost breakdown<sup>1)</sup> and average industry cost

Figures in NOK/kg



## Historical calculated sales price Japan (not including premium) and production cost Norway

Figures in NOK/kg



Import price +3.5 % tax + 5 NOK (75 JPY)/kg in local transport and handling

The significant cost advantage of saved transportation costs create a price/margin floor

Proximar believes its being well-positioned, also compared to conventional farming

Establishing a foundation for long term attractive financials

- 1) At full utilization of facility (5300 MT/ year) (HOG)
- 2) Given interest rate of 3 % long term



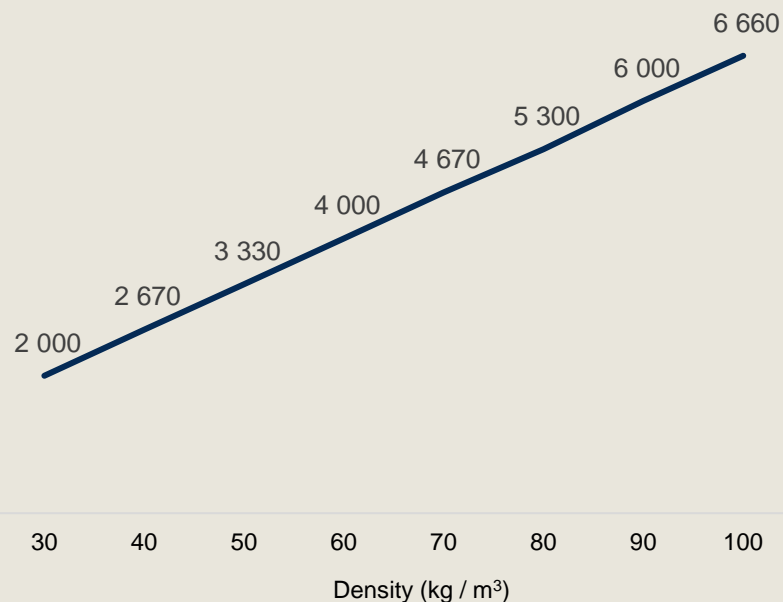


# Proximar expects a long term EBT cost of ~52 NOK / kg, and will remain profitable even at very low densities / harvest levels



## Expected annual harvest with varying densities

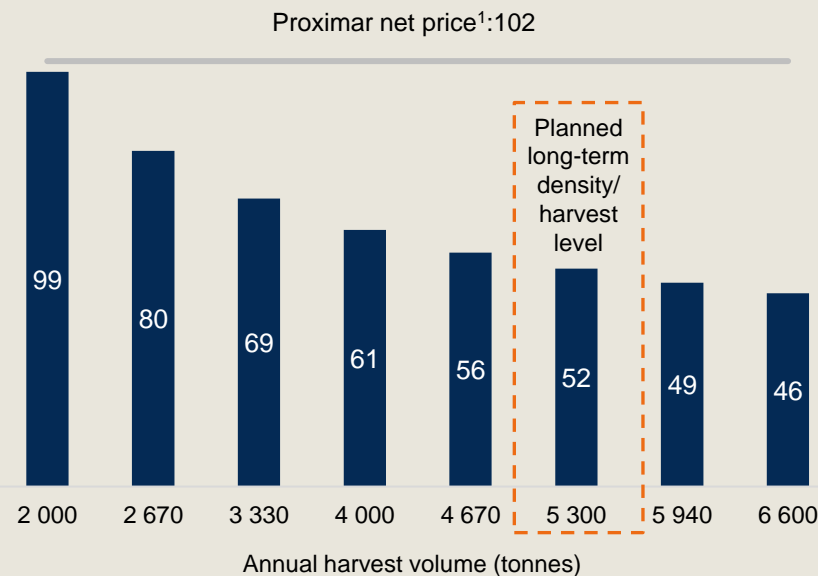
Tonnes (HOG) at steady state production



- Proximar plans to initiate production at ~64 kg / m<sup>3</sup> and increase steadily to 80 kg / m<sup>3</sup>
- This will increase the annual production from 4,200 to 5,300 tonnes (HOG)

## Expected non-tax (EBT) cost at varying harvest levels

NOK / kg (HOG) at steady state production



- At EBT levels, Proximar is profitable even with a production of ~2 000 tonnes (HOG), corresponding to a density of 30 kg / m<sup>3</sup>
- At the planned long term harvest level of 5 300 tonnes (HOG) per year, Proximar expects an EBT cost of 52 NOK / kg

Proximar is planning to initiate production at 64 kg/m<sup>3</sup>, increasing steadily to 80 kg/m<sup>3</sup>

The expected EBT cost in steady state is around 50 % of the price expectations in the Japanese market from 2024 onwards

Proximar remains profitable at much lower densities than planned production, proving the solidity of the business model

1) Forward price 2024 + transportation cost Norway-Japan + tax + premium, less distribution cost



# Highly qualified team members in place

## Well positioned for the operational phase, securing key positions in 1H22

Key positions of the operational team filled, and all members now relocated to Japan

- Dharma Rajeswaran (COO), starting his position in January and relocated to Japan in June
- Nikolaj Schlie (Grow-Out Manager), joined in April and relocated to Japan in May
- Charlotte Okstad (Hatchery & Nursery Manager) joined in June and relocated to Japan in July

⇒ ***Bringing in extensive experience and background from farming Atlantic salmon in RAS, from hatchery stage to grow-out***

- Operational training received at the AquaMaof facility in Poland during 2Q, to prepare our team for the AquaMaof solution
- Efforts to build our production team is continuing, and new members to join 3Q and going forward
- We are experiencing strong interest, and remain optimistic going forward in terms of securing qualified and dedicated employees



## Organizational highlights 1H2022:

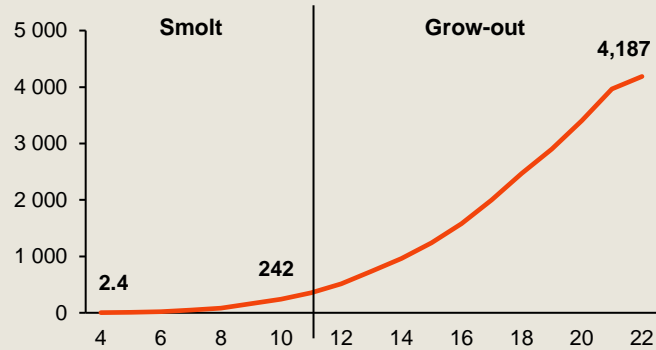
- COO Dharma Rajeswaran starting 1<sup>st</sup> of January
- Positions of HN Manager and PSG Manager filled in 2Q
- Continuing to strengthen the team further, with more employees joining 2H22



# Another half year of consistent performance and harvest

## 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 (as of 1Q22)
  - 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>



## Technological highlights 2022:

- Another period passed showing stable production and harvest of Atlantic Salmon harvesting at Aqua Maof's facility in Poland
- Proximar operational team completed training at the AquaMaof facility in Poland during 2Q22





## Financial highlights 1st half 2022



| P&L                              | 30 June 2022   | 30 June 2021   |
|----------------------------------|----------------|----------------|
| Revenue and other income         | 0              | 0              |
| Operating expenses               | -11 078        | -5 546         |
| Net financials                   | 12             | -13 891        |
| <b>Net loss for the period</b>   | <b>-11 065</b> | <b>-19 437</b> |
| Currency effects on loans        | -17 298        | 1 620          |
| <b>Net result for the period</b> | <b>-28 363</b> | <b>-17 817</b> |

| Balance sheet   | 30 June 2022   | 30 June 2021   |
|---|----------------|----------------|
| Assets under construction                               | 451 729        | 269 334        |
| Property, plant and equipment incl. right-of-use assets | 4 351          | 26             |
| Long term receivables                                   | 20 457         | -              |
| Other short term receivables                            | 4 448          | 34 456         |
| Cash and bank deposits                                  | 73 745         | 98 226         |
| <b>TOTAL ASSETS</b>                                     | <b>554 730</b> | <b>402 042</b> |

|                                     |                |                |
|-------------------------------------|----------------|----------------|
| Equity                              | 362 032        | 398 025        |
| Non-current liabilities             | 1 393          | 1 246          |
| Current liabilities                 | 191 305        | 2 772          |
| <b>TOTAL EQUITY AND LIABILITIES</b> | <b>554 730</b> | <b>402 042</b> |

Operating expenses increase towards operational start-up.

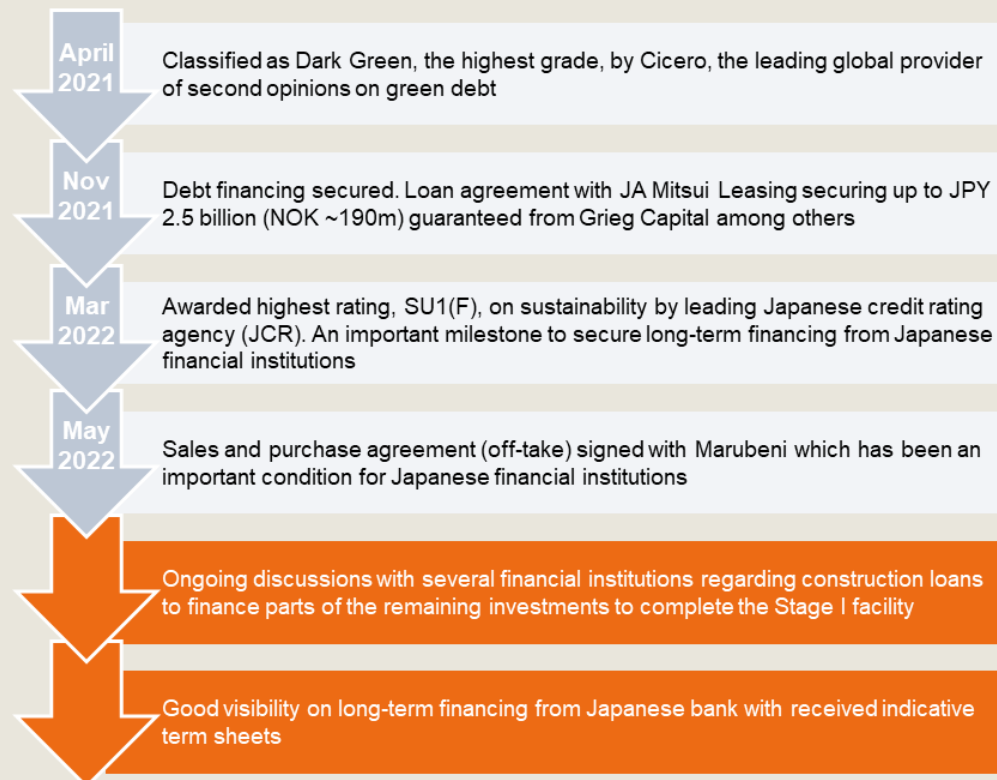
The weakened JPY towards NOK influences the figures significantly.

Strong equity of MNOK 362 and full effect of JA Mitsui Leasing debt.



# Status on securing debt financing for the stage I facility

## - good progress following the signing of off-take with Marubeni



### 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 production
- 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
- Construction financing to be converted at this point
- At final discussions in credit committee at Agent bank.
- Conclusion expected Q4 2022

Focus on the long-term debt, as construction financing to a large degree is dependent on securing long-term financing

Active discussions ongoing and in final stages of credit committee assessment

Maintaining our target of ~50% debt ratio, and long-term debt financing in Japan at attractive levels

The progress with debt has taken longer time than expected due to travel restrictions and negotiations to secure off-take, but we are now experiencing good and positive progress



# Proximar's business model puts sustainability at centre



## Proximar has a sustainable business model...



Significantly **reduced Carbon Footprint** due to elimination of long-distance air freight. Proximar has chosen a production technology with low consumption of water and energy.



Enhanced **fish welfare** as Proximar take all measures to eliminate the risk of parasite infections and reduce the risk of disease. Reduced stress by avoiding transport of live fish.



Proximar increases local food supply and food security through sustainable seafood production with proximity to market.

## ...verified by leading certifiers



Japan Credit Rating Agency, Ltd.



°CICERO

Dark Green

## ESG highlights 2022:

- Received the highest rating «SU1(F)» from Japan Credit Rating Agency
- Experiencing increased focus on sustainability, also amongst Japanese financial institutions





# Summary

- The construction is continuing to progress according to **time and cost** with more than 95% of CAPEX fixed
- The long-term outlook of the Japanese **market** for Atlantic Salmon remains attractive, with strong prices and long-term increase in consumption, reaffirming Proximar's outlook
  - Short-term, the demand is impacted by the sharp price increases seen in 1H22
- The **technology** by AquaMaof is continuing to prove its functionality for farming Atlantic salmon, with stable performance and harvesting
- Organization significantly strengthened and **key employees** with relevant experience in place for successful operational start-up
- Good **progress in the debt discussions** with banks in Japan, and we are maintaining our debt target ratio of ~50%
- We believe we have a great **first mover advantage** in Japan, being years ahead of future competitors – and with advantageous construction costs, placing Proximar in a very attractive competitive position





# Q & A



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