



Attn: To whom it may concern

Gamle Fredrikstad, Norway, March 11th, 2019

***Topic: Financing of Nordic Aquafarms' facility in Belfast, Maine***

Nordic Aquafarms (referred to as "NAF" in the following) is permitting a land-based fish farm in Belfast, Maine. The total investment in the project is expected to be \$500 million over two major phases. This includes six production modules, two smolt facilities, a processing facility, water infrastructure, grid connections, inclusive of land acquisition, erosion control, roadwork, sewers, structures, water supply and wastewater management, utilities, construction, abatement and restoration and all other components that go into the total project. The total production volume for such facility is projected to be 33,000 metric tons of whole fish.

At the onset of the project, funding is contingent upon receipt and review of final permits. That said, due to the size of the project and length of time under construction, NAF will finance the project in tranches of funding that align with construction milestones, these details are shown below and in Table 3.1 in the financial capacity introduction. Construction milestones are defined as "site prep and environmental", associated with tranche 1 and 4, while "asset" tranches (2, 3, 5 and 6) are production modules and their associated infrastructure. These asset tranches are for the build out of the commercial side of the project and are made up of buildings and equipment necessary for the operation. The total project has two major sets of production modules, containing three modules each and one smolt facility, 3:1 to support the total anticipated production volume.

NAF executives and board will evaluate each of these construction milestones and determine the funding mix and secure funding at the start of each. However, the board always holds the final decision on timing and source mix prior to each tranche. Sources of funding for the project is from three main sources of capital: equity capital; debt (bank/bond), and cash flow from operations.

The final financing mix at any construction milestone will be subject to assessments, negotiations, and board decisions throughout the project. While the initial funding for tranche 1 will be from equity, we expect the debt component to grow through the course of the project with contributions from operational cash flow increasing in the last phase of the project.

As in our Nordic Operations, working capital will be financed through a credit facility to be established as the project moves from construction into production.

NAF will document funding in advance of each construction milestone if required by the authorities.

Estimated Development Costs (\$Million)	Phase 1				Phase 2				Total Project
	Tranche 1	2	3	Total Phase 1	4	5	6	Total Phase 2	
	Prep and Environmental	Assets thru Mod 1&2	Assets Mod 3		Prep and Environmental	Assets Mod 4&5	Assets Mod 6		
Permitting and Design	\$ 5.00			\$ 5.00	\$ 3.00			\$ 3.00	\$ 8.00
Land Acquisition	\$ 2.00			\$ 2.00	\$ -			\$ -	\$ 2.00
Site Clearing	\$ 1.50			\$ 1.50	\$ 0.50			\$ 0.50	\$ 2.00
Soil Erosion Control Implementation and Mtc	\$ 1.00			\$ 1.00	\$ 0.50			\$ 0.50	\$ 1.50
ACOE prescribed winter work premium	\$ 1.50			\$ 1.50	\$ -			\$ -	\$ 1.50
Site piping	\$ 2.50			\$ 2.50	\$ -			\$ -	\$ 2.50
Roads and site finishes	\$ 1.00			\$ 1.00	\$ 1.00			\$ 1.00	\$ 2.00
Infrastructure*		\$ 15.00		\$ 15.00		\$ 7.00		\$ 7.00	\$ 22.00
Buildings and process equipment*		\$ 166.97	\$ 56.03	\$ 223.00		\$ 144.97	\$ 56.03	\$ 201.00	\$ 424.00
Insurances and other project overhead**	\$ 5.75	\$ 5.75	\$ 5.75	\$ 17.25	\$ 5.75	\$ 5.75	\$ 5.75	\$ 17.25	\$ 34.50
<b>Total Phase 1 and Phase 2 Est. Development Cost</b>	<b>\$ 20.25</b>	<b>\$ 187.72</b>	<b>\$ 61.78</b>	<b>\$ 269.75</b>	<b>\$ 10.75</b>	<b>\$ 157.72</b>	<b>\$ 61.78</b>	<b>\$ 230.25</b>	<b>\$ 500.00</b>

Table 3.1 - Estimated Development Cost

\*Building, infrastructure and fixed asset purchases for commercial operations, unrelated to environmental and natural resource protection and conservation

\*\*Premiums and other overhead costs related to the project

## Funding Sources

**Equity** – NAF has access to the equity market as demonstrated by a successful history of raising capital for our projects, as well as high confidence in raising equity for the construction in Maine. NAF has already contributed millions of dollars sourced from equity for the current permitting process.

The equity market, as described in the attached memo from investment banks, Pareto Securities AS and Carnegie AS, is strong within the aquaculture sector in the Nordics and is expected to be strong in the foreseeable future. They support our conclusion that funding will be secured. In the share offerings, NAF expects its strong shareholder base to contribute a substantial amount for the Maine project. Further NAF will invite select institutional investors to participate in any of the equity deals. The use of equity will be evaluated at each milestone in relation to debt financing alternatives.

**Debt financing** - Debt will be evaluated and introduced in the mix of financing for every financing step. The debt component in each step will be evaluated based on terms achieved. NAF is in dialogue with both Norwegian banks and US banks with regards to financing of the project, after seeing significant interest in our company. Furthermore, EKF (Danish Export Credit Agency) has confirmed interest in supporting the project as a provider of state-backed loan guarantees for an approved bank (for more information on EKF: [www.ekf.dk](http://www.ekf.dk)). EKF has written a letter of interest based on dialogue so far. EKF has provided state-backed guarantees for a number of land-based farms in the past, and will be particularly interested once NAF receives final permits.

**Cash Flow from operations** – future milestones will be partially funded from cash flow in our operations.

## Shareholders and share issues to date

As of year-end, Nordic Aquafarms AS had raised a total of NOK 520,111,916 (USD 63,661,189, FX USD/NOK 8,17) in equity from private placements. All offered share issues to date have been fully subscribed.



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The shareholder group in the company has steadily increased from mainly local Fredrikstad based shareholders to include some of the wealthiest families and largest private investors in Norway. In the following the largest shareholders will be presented briefly. All information in this section is publicly available through company web-sites or [www.proff.no](http://www.proff.no) (except the specific invested amounts in NAF per shareholder).

**RASMUSSENGRUPPEN AS** is the largest shareholder in NAF with ownership of 34.83% of issued shares. The company has invested more than USD 26,000,000 in NAF since December 2016. The company has roots all the way back to 1936 when it was established as a shipping company by Einar Rasmussen. Between 1997 and 2003 the company changed its focus from shipping operations to financial investments, real estate and international shipping/offshore. The group's financial investments are focused on high quality companies with stable earnings and moderate debt levels. Today the group is owned and run by the descendants of the founder Einar Rasmussen, one of the wealthiest families in Norway. As of year-end 2017, RASMUSSENGRUPPEN had a booked equity value of approximately USD 1,600,000,000 and debt of USD 300,000,000. Haakon Aschehoug, portfolio manager in RASMUSSENGRUPPEN is a board member of NAF (for more information: [www.rasmussen.no](http://www.rasmussen.no))

**PEMCO HOLDING AS** is the second largest shareholder in NAF with ownership of 20.38% (including affiliated companies Unitel AS, EKS AS and OMG Trading AS) and has been an investor since NAF was founded in 2014. The company has invested more than USD 12,500,000 in NAF since 2014. PEMCO is a family-owned investment company focusing on small and medium-sized businesses with sustainable, environmental-friendly and innovative profiles. The company's investment portfolio currently comprises companies in a range of sectors: renewable energy, aquaculture, paper and packaging from recycled raw-materials, medicinal and chemical household products, fintech and digitization. In 2017, PEMCO achieved turnover of almost USD 250.000.000 and is in a strong financial position. It has approximately 400 employees. Bjørn Knappskog, founder and majority owner in Pemco is a board member in NAF (for more information: [www.pemco.no/en/](http://www.pemco.no/en/))

**Brødr. Bøckmann AS** is the third largest shareholder in NAF with ownership of 13.35% and has been an investor since the company was founded in 2014. Brødr. Bøckmann AS has invested more than USD 7,500,000 in NAF since 2014. The company has roots in Fredrikstad and is owned by a family with businesses within real estate, hotels and financial investments.

**Eker Group AS / Eker Crew AS** owns 9.30% of NAF and has been an investor since the company was founded in 2014. Eker has invested close to USD 4,000,000 since 2014. Eker Group is fully owned and managed by the Norwegian born and -based industrial designer, entrepreneur and innovator, Bård Eker. Bård Eker is a board member in NAF (for more info: [www.ekergroup.com](http://www.ekergroup.com))

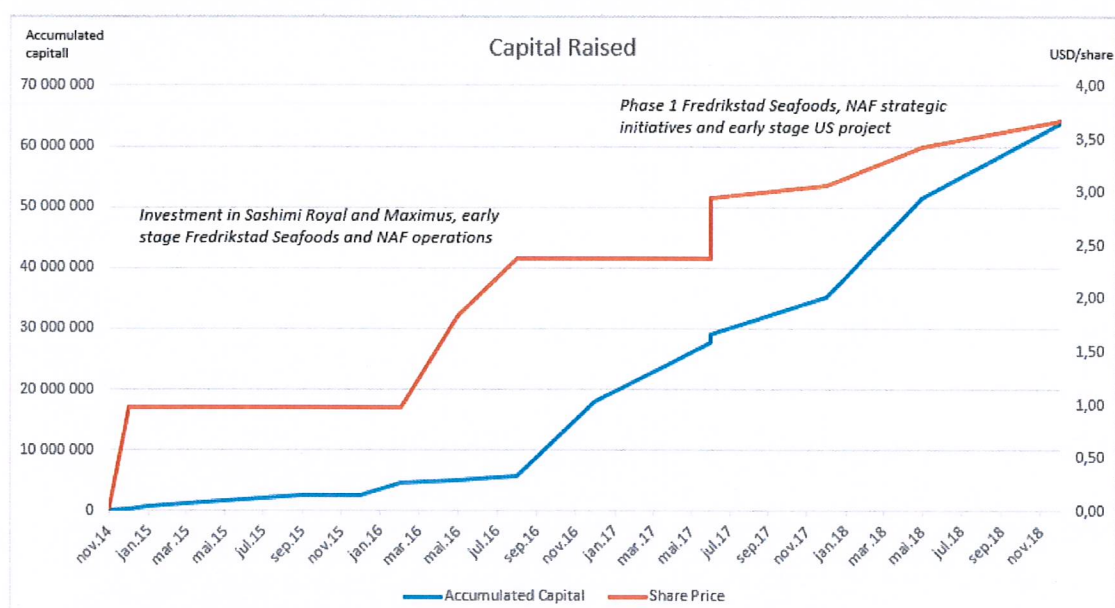
**Toluma Invest AS / Skips AS Tudor** owns 7.37% of NAF and did its first investment in the company in late 2016. The company has invested a total of close to USD 5,300,000 in NAF. Toluma and Skips AS Tudor is part of the group controlled and owned by the shipping family Wilhelmsen. Wilh. Wilhelmsen was founded in 1861 and is now headed by the 5<sup>th</sup> generation of that family. The Wilhelmsen family is one of the wealthiest in Norway (for more information: [www.wilhelmsen.com](http://www.wilhelmsen.com))

**Sundt AS** owns 2.98% of NAF and has been an investor since mid-2017. The company has invested a total of close to USD 2,500,000 in NAF. Sundt is also a company with roots to the shipping industry in Norway and is today primarily an investment company owned by Helene and Christian G. Sundt the descendants

of the founder Petter C.G Sundt. As of year-end 2017, the company had a booked equity value of approximately USD 287,000,000 and debt of USD 89,000,000 (for more information: [www.sundt-as.com](http://www.sundt-as.com)).

Other shareholders in NAF include founder, Erik Heim, through his company Zenon Venture, board member Petter Borg, through his companies Caddie Invest and Kewa Invest, CEO, Bernt Olav Røttingsnes and CFO Lars Henrik Haaland.

**Nordic Aquafarms** has issued a total of 25,270,758 shares in a total of 17 share issues. The share price has increased steadily from 2014 until today, from USD 0.98/share to USD 3.67/share.



The following transactions are registered in the publicly available business register in Norway:

#	Shares issued	Cash raised	Time	Comment
1	150 000	3 672	nov.14	
2	187 425	183 525	dec.14	
3	59 875	58 629	dec.14	
4	170 375	0	dec.14	new equity from contributions in kind (shares in Fredrikstad Seafoods)
5	500 000	489 596	jan.15	
6	425 001	416 158	mar.15	
7	537 499	526 315	mai.15	
8	858 121	840 265	sep.15	
9	2 000 000	1 958 384	feb.16	
10	266 667	489 597	may.16	
11	335 052	795 595	aug.16	
12	5 154 640	12 239 904	dec.16	
13	4 128 866	9 804 162	jun.17	
14	416 667	1 223 991	jun.17	
15	2 000 000	6 119 951	dec.17	
16	4 739 295	16 242 382	may.18	
17	3 341 275	12 269 064	dec.18	
<b>Total</b>	<b>25 270 758</b>	<b>63 661 189</b>		

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Attached to this memo is a letter from our auditor, BDO, that confirms the share issues and capital raised through Year-End 2018.

The investment trajectory for past NAF projects and the attached support the conclusion that NAF has investment sufficient to design, construct, operate and maintain its project in Belfast, Maine, upon issuance of the required permits for the project.

For further details or information, please contact Bernt Olav Røttingsnes (phone: +47 913 47 021, e-mail: [bor@nordicaquafarms.com](mailto:bor@nordicaquafarms.com)) or Lars Henrik Haaland (phone: +47 976 51 083, e-mail: [LHH@nordicaquafarms.com](mailto:LHH@nordicaquafarms.com)).

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Best Regards,

  
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Lars Henrik Haaland  
Chief Financial Officer  
Nordic Aquafarms AS