



Market trends for processed salmon - Europe

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Milarex mission – Our purpose

“ *Convenient, high-quality
seafood for all* ”

Milarex is actively contributing to a sustainable future and strive to be the benchmark for safe and sustainable salmon processing.



Environmental goals



Social goals



Governmental goals



Strategic supplier for large international retail customers

Exceptional growth path through international expansion of commercial organisation

Initial Focus on Germany



Sales Office in Italy



Sales Office in France



Sales Office in the UK



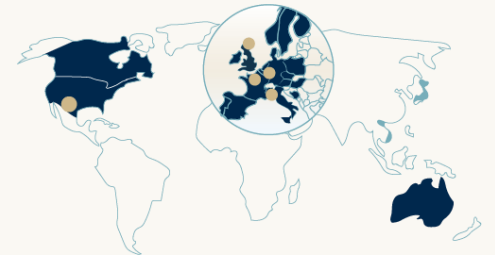
Expansion to N-America



Customer base

90 % retail
10 % food service

Global presence



How some see us?

- Polish processor
- Start Up
- Low price spot buyer
- Salmon smoker
- Private Label producer
- European
- Morpol 2.0

How we see it

- International seafood company
- 100 mil consumer packs annually
- More than 50% of raw materials secured
- Leader in innovation with full VAP range
- Brand and private label
- Global
- Leader in safe and sustainable processing

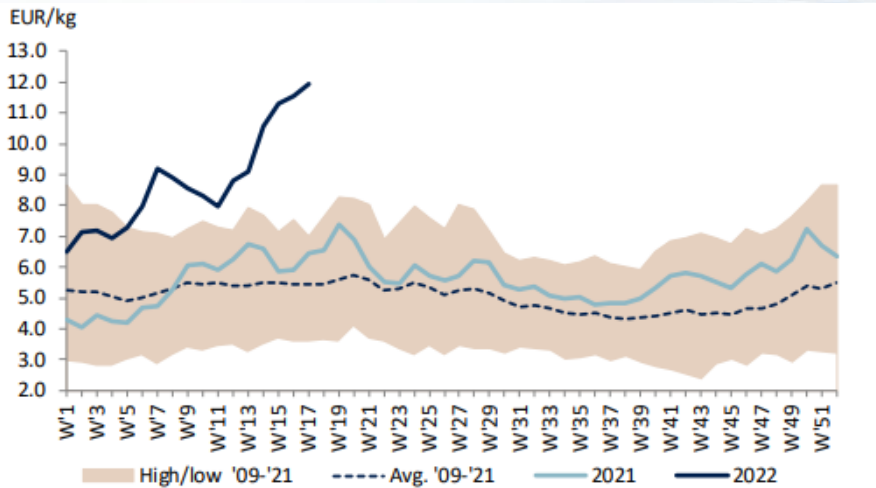
Trends in the salmon market

- Move to smaller pack sizes – 85g/90g, 150g/120g
- More convenience – cooked portions
- Ready to eat in new variations, i.e., carpaccio, cubes
- More differentiation based on elements like
 - Natural ingredients
 - Sustainability
 - Brand concepts
- Wider portfolio and more complex value adding
- Increasing interest for GG certification – less for ASC
- Declining trend – medium/lager packaging, mature products like cold smoked 200g and fresh portions



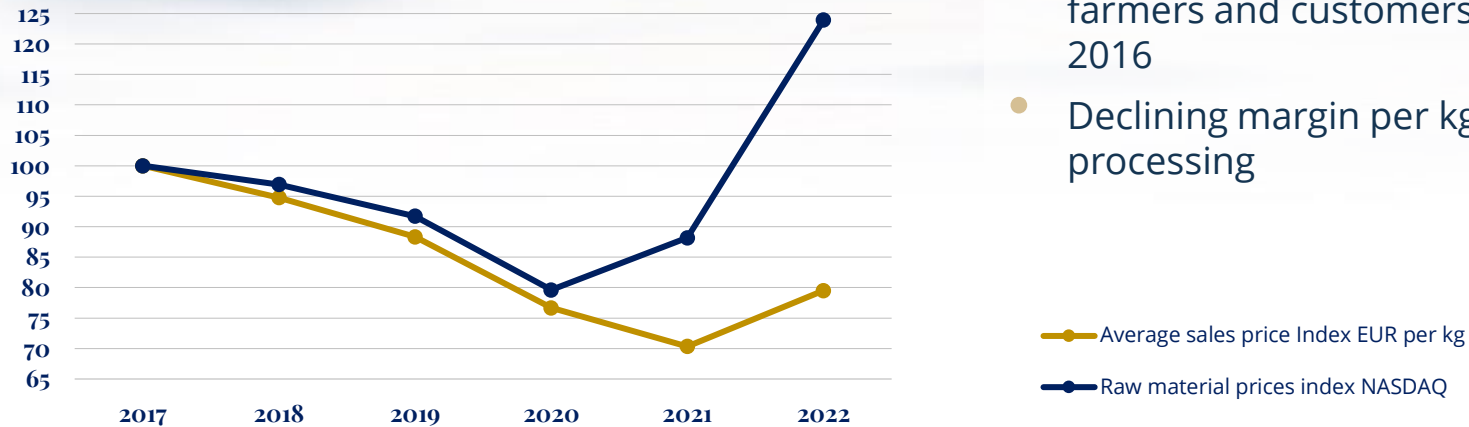
A lasting shift in the salmon market...

WEEKLY SALMON PRICE, NORWAY (EUR/KG)



... or will it be a lost opportunity?

Indexed sales price per kg vs Raw material prices (EUR/kg)
Main volume product



- Significant decline in prices to farmers and customers since 2016
- Declining margin per kg in processing

— Average sales price Index EUR per kg
— Raw material prices index NASDAQ

A likely change in the salmon market

“Old world”

- Globalization and geopolitical stability
- Low inflationary pressure
- Price focus from customers
- ESG not a buying decision
- Limited differentiation
- Supply increase matching demand by reducing prices
- High share of spot buying

“New World”

- Anti-globalization trend and geopolitical instability
- High inflationary pressure
- Supply security important to customers
- ESG a buying decision
- Product differentiation
- Demand increase matching supply by innovations and increasing prices
- Spot increasingly volatile

Possible consequences

- Reduced consumer confidence
- Supply security vs price likely to change
- Differentiation/innovation increasingly important in category (ESG, pack size, convenience, etc)
- Reduced risk-taking on raw materials for processors
- Reduced promotional activity

Joint opportunities for farmers and processors in the consumer market

- Differentiation – on salmon quality, ESG initiatives and product concepts
- Volume security – back-to-back supply strategies to secure deliveries and capitalize on pricing

Co-operation strategies

- Differentiation elements
- Customer dialogue
- Supply contracts
- FishPool contracts

Important category developments

- **Differentiate on salmon qualities to meet the preferences of new consumer generations**
 - Younger generations drive new agendas on sustainability, healthy ingredients, animal welfare and transparency
- **The need of unique ESG documentation to meet customer carbon reduction targets**
 - A natural part of the salmon CV – in a few years
- **Global sourcing replacing national sourcing with many large customers**
 - Global retailers expect global sourcing, need for reliable supply base



Sum up

- A likely shift in the salmon market “as we speak”
- Consumers losing confidence, yet are changing despite inflation and uncertainties
- Tighter co-operation in the value chain required to capitalize on the value and pricing opportunity
 - Supply security
 - Differentiation
 - ESG footprint
- More global sourcing with large customers



