

Nordic Aqua Partners

Q3 2022

1 December 2022

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Agenda

■ Highlights and Nordic Aqua Partners in brief

Project Review

Market

Assumptions and KPI's

Financials

Outlook & Summary

Highlights

- Project on time and on budget, stage 1 with fixed capex
- Good biological performance, first batch is now 50 grams
- Installation of RAS 3 completed, RAS 4-5-6 ongoing
- Salmon prices in China supports long term business opportunity
- Capex of 51 MDKK in period Q3 2022 and 238 MDKK total out of total project capex of 370 MDKK (125 NOK/kg)
- Available liquidity of 379 MDKK as of 30.09.2022, including cash and undrawn credit facilities



Nordic Aqua Partners

– only producer of fresh Atlantic salmon in China



- 1 Fully funded to reach 4,000 tonnes, equity in place for 8,000 tonnes
- 2 Existing plan for 20,000 tonnes and an ambition to reach 50,000 tonnes, including replications on other locations
- 3 Stage 1 production has commenced, with first harvest expected in Q1 2024
- 4 Uniquely located near Shanghai, with access to +100 million consumers within 5 hours
- 5 World class management team with strong RAS and local knowhow
- 6 Dedicated support from local authorities and leading industry players

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■ **Project Review**

Market

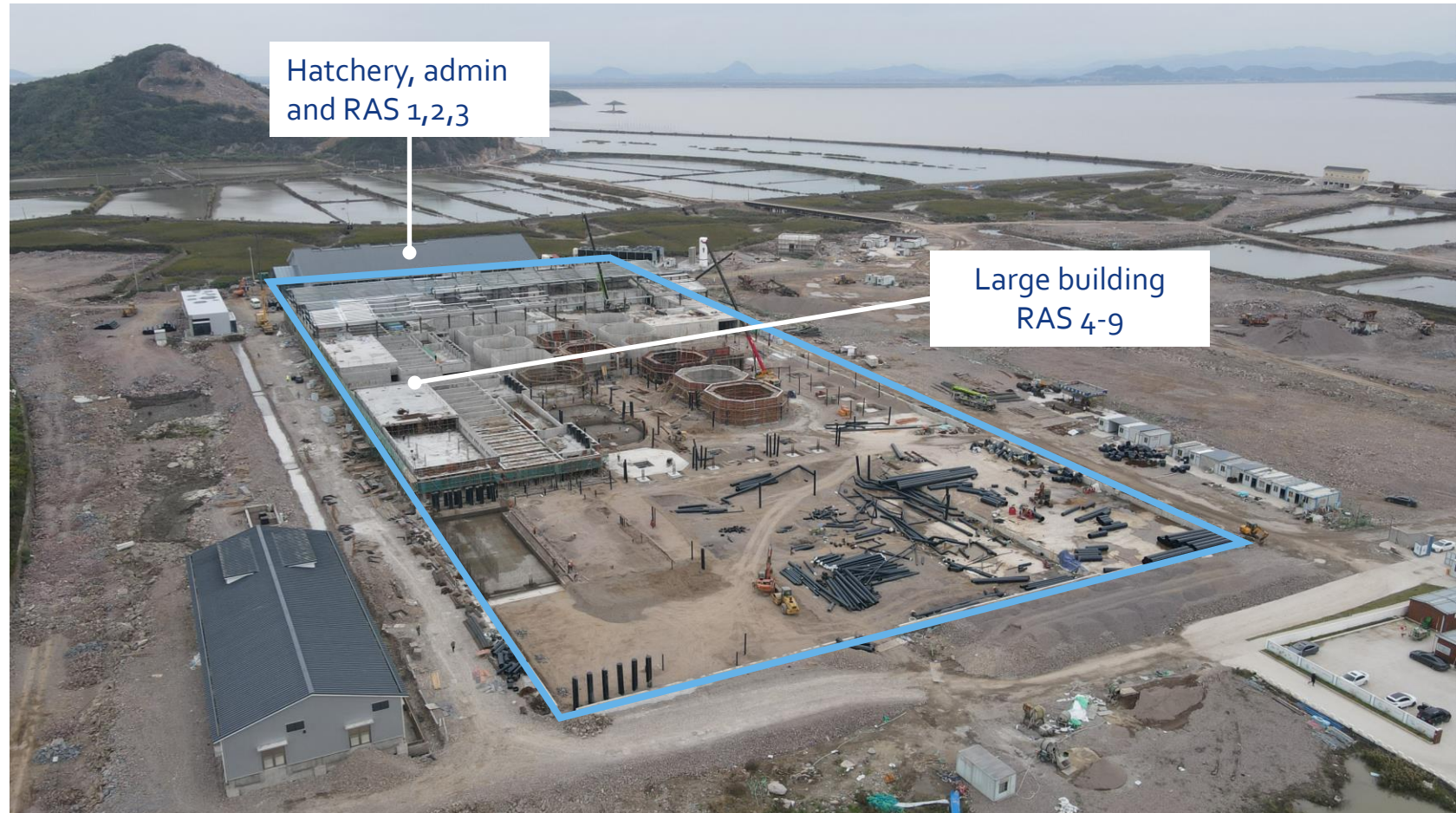
Assumptions and KPI's

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Project status

- Project continues to develop on time and on budget
- Installation of RAS 3 completed in October, fish moved from RAS 2 to RAS 3 in November
- Installation of RAS 4 scheduled to be completed on schedule for fish transfer in January 2023
- Construction of RAS 5 to 9 facility in process as per plan
- Covid-19 situation in China and the war in Ukraine has fortunately not impacted progress significantly



Project status

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Good progress at the construction site

Construction site August 2022



Construction site November 2022



● Stage 1: 38k m²

● Stage 2: 19k m²

Senior RAS-team in place

Senior RAS management team

- Recruitment and training of local farming operators ongoing
- Currently 8 farming operators



Working Chairman

- >25 years of aquaculture experience
- Former MD of Mowi Norway and Global Head of Technology



Assistant Farm Manager

- ~35 years of RAS experience
- Hiddenfjord, Danish Trout farming and Fiskaaling



Farm Manager

- ~12 years of RAS experience
- Mowi, Vågåfossen Settefisk and Marineholmen RASLab



Fish Health Manager

- ~20 years of experience as a veterinary and fish health professional
- Tassal, Aquachile, Blumar and Skretting



RAS salmon expert

- >20 years salmon production with RAS
- Freshwater manager at Mowi & consulting for land-based projects

Selected reference projects

Faroe Islands - MOWI

Facility built by Mowi (former Marine Harvest) in 2017

Tank volume of 8,000 m³ with production of 1,300 tonnes per year

Ragnar Joensen and Johan Toftegaard responsible for design and construction with technology from AKVA Group



Norway - Tytlandsvik Aqua

Located in Rogaland with Grieg Seafood, Bremnes Seashore, and the Viga family as largest owners

Constructed on time and budget

Stage 1 production of 3,000 tonnes per year, stage 2 with 9,000 tonnes per year

Ragnar Joensen jointly responsible for design and construction with technology from AKVA Group



Salmon under production at Gaotang

Hatchery



RAS 1-2-3



RAS 4-5-6



Construction: **Completed**

Batch 1

- First eggs arrived on site on March 9th

Batch 2

- Second batch of eggs arrived on site on June 10th

Batch 3

- Third batch of eggs arrived on site on September 10th

Construction: **Completed**

Batch 1

- Introduced in May for start feeding, transferred to next facility every ~2 months

Batch 2

- Introduced in August for start feeding, transferred to next facility every ~2 months

Construction: **Ongoing**

Batch 1

- RAS 4 on schedule for fish transfer in January

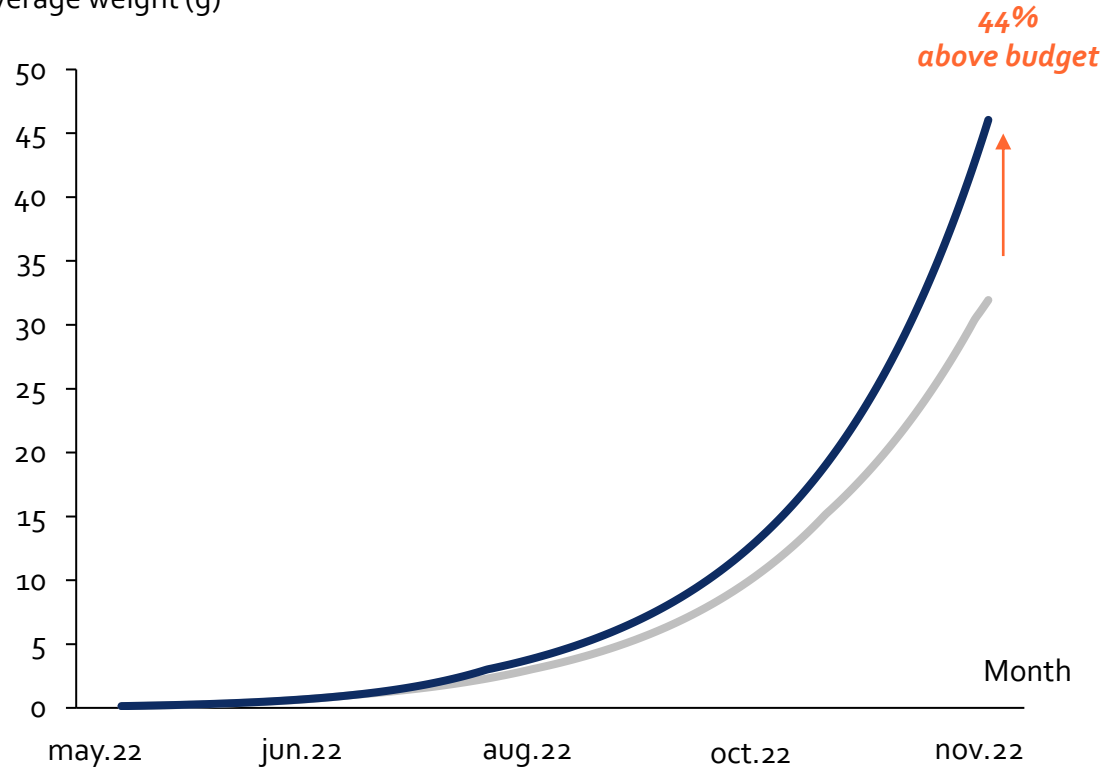
Video of salmon from Batch 1



Biological performance above budget

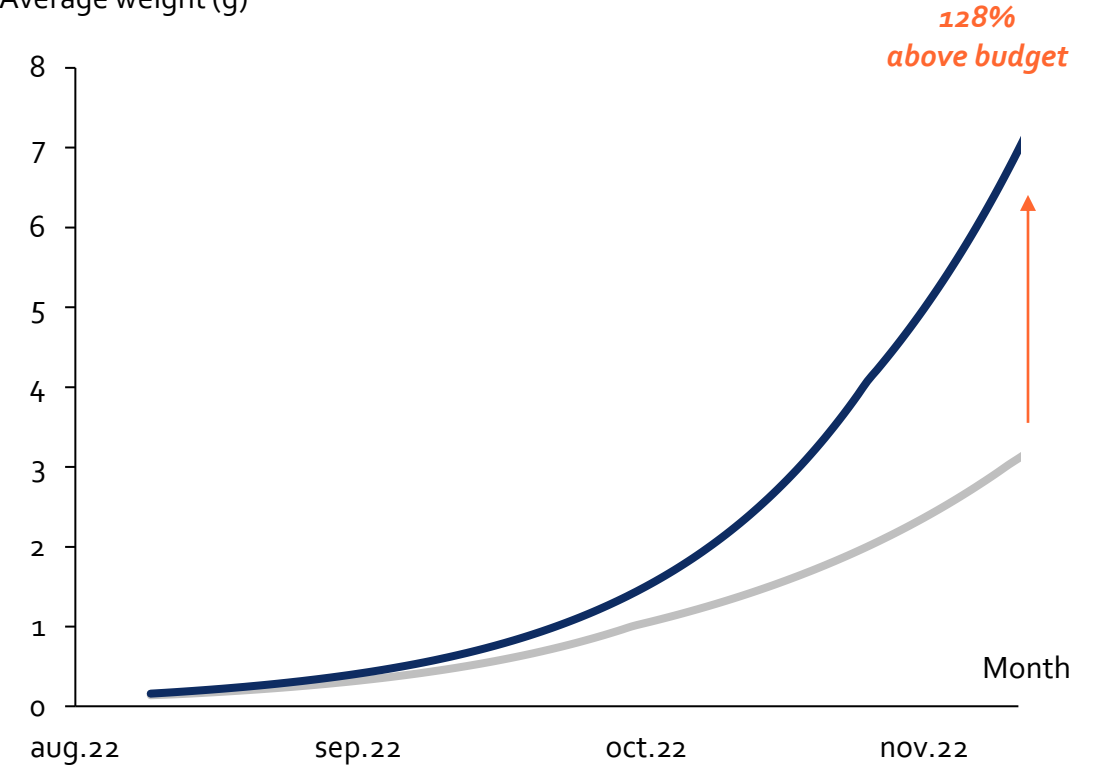
Batch 1 started May 2022

Average weight (g)



Batch 2 started August 2022

Average weight (g)

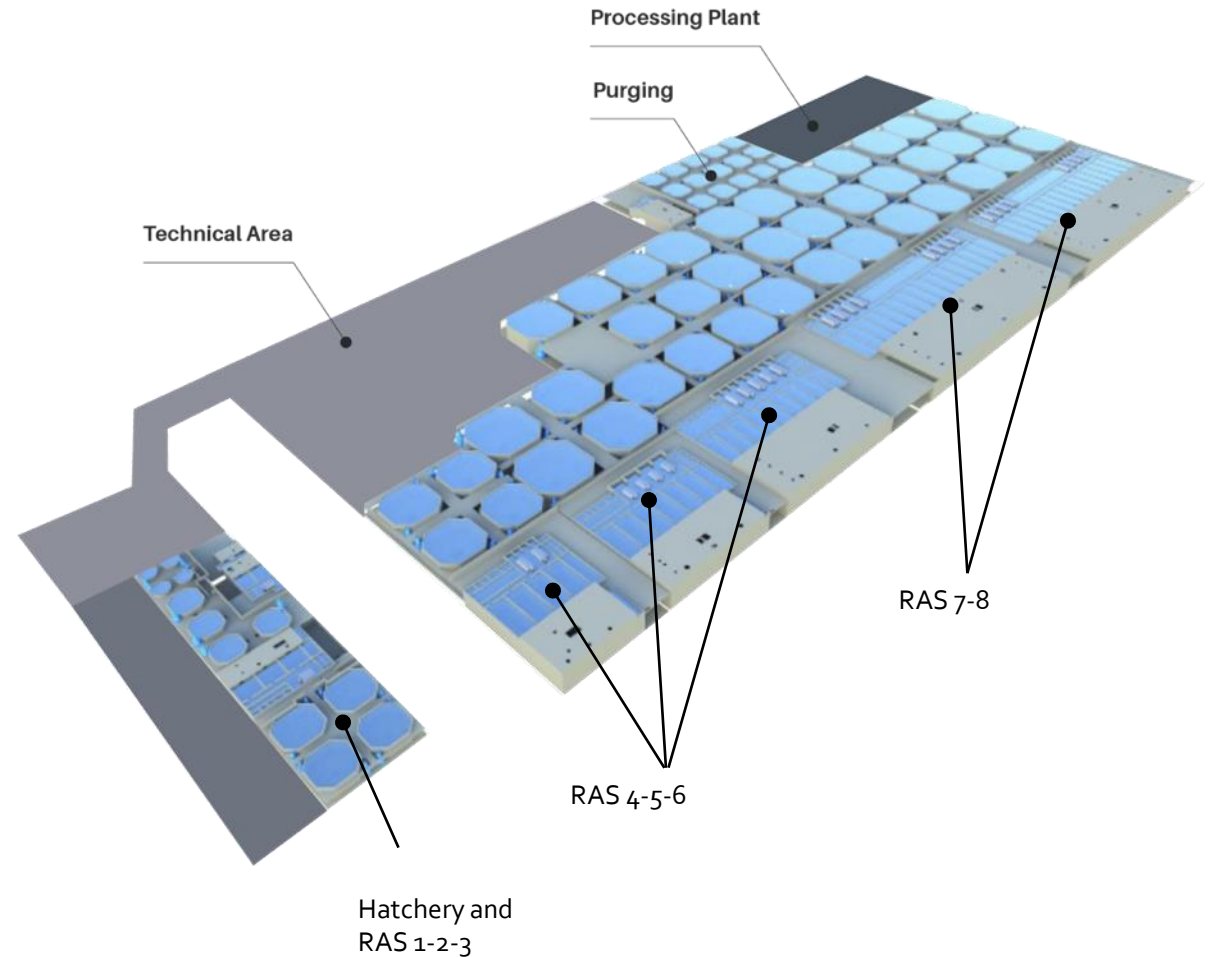


Experience from production so far

- Facility is performing well, confirming good dimensioning – high recirculation rate delivers clean water and good performance
- Able to run at higher density than budgeted while maintaining water quality and growth rate
- Survival better than expected

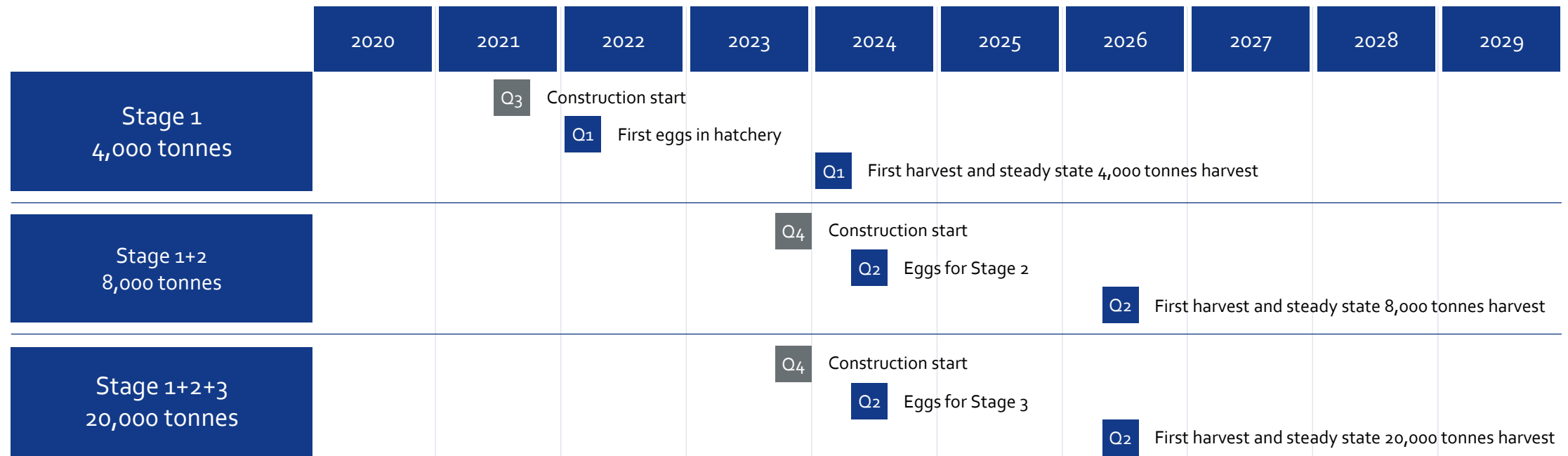
4,000 tonnes RAS facility under construction

- Delivered by leading technology provider AKVA Group and dimensioned by internal RAS team, securing robust technical design and production approach:
- ✓ **Water replacement**
 - The RAS design ensures very clear water with very high water exchange rate in fish tanks
- ✓ **Water temperature**
 - Cooling capacity is sufficient to maintain ideal temperature for Atlantic salmon
- ✓ **Running with low saline water**
 - Incidents of fish mortality in RAS facilities mostly occur with high saline water



Timeline of Gaotang buildout

TIMELINE IN GAOTANG BUILDOUT



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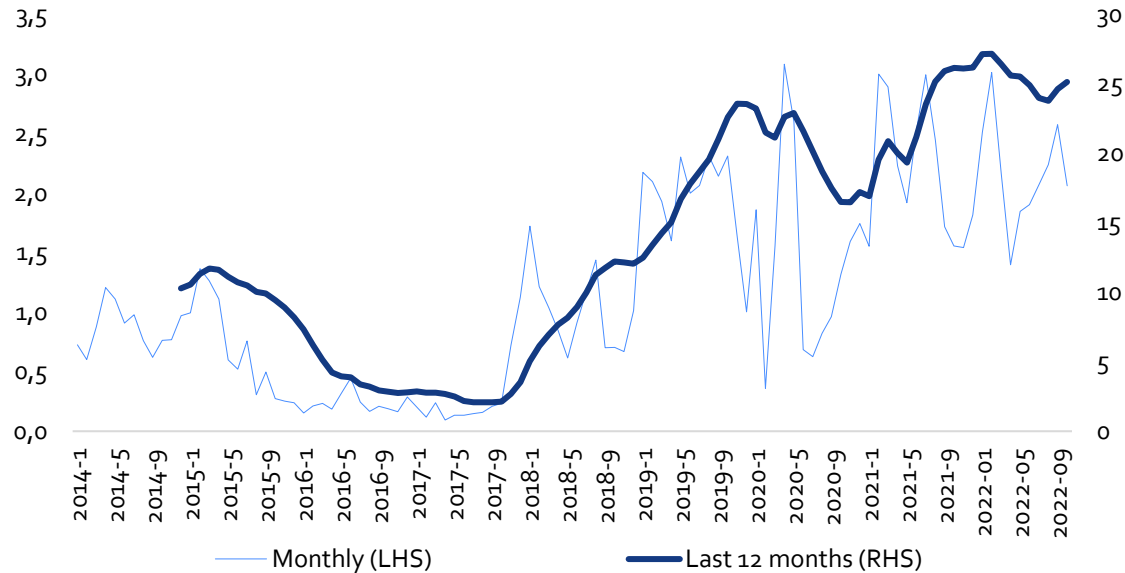
Assumptions and KPI's

Financials

Outlook & Summary

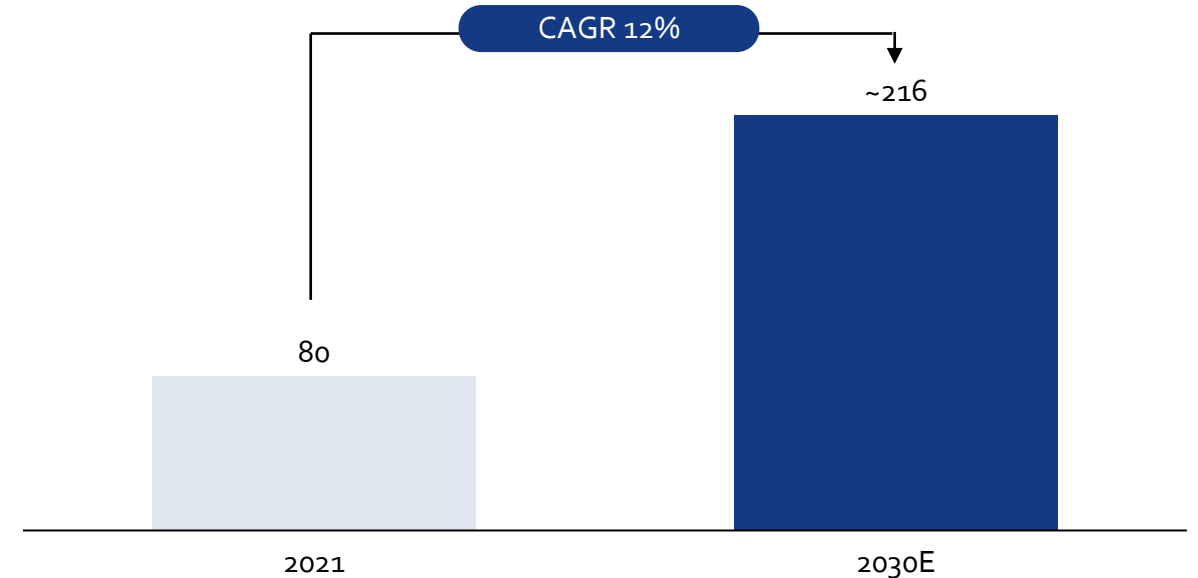
Growing demand for Atlantic Salmon in China

Norwegian export of salmon to China (k tonnes, HOG)



- Export from Norway exceeds pre-pandemic levels, despite current lock-downs
 - Recent outbreak of Covid 19, in combination with logistic challenges due to the war in Ukraine, has temporary halted the market growth
 - On-line and home delivery of fresh seafood, including Atlantic salmon, continues to grow

Total Atlantic salmon demand in China (k tonnes, HOG)

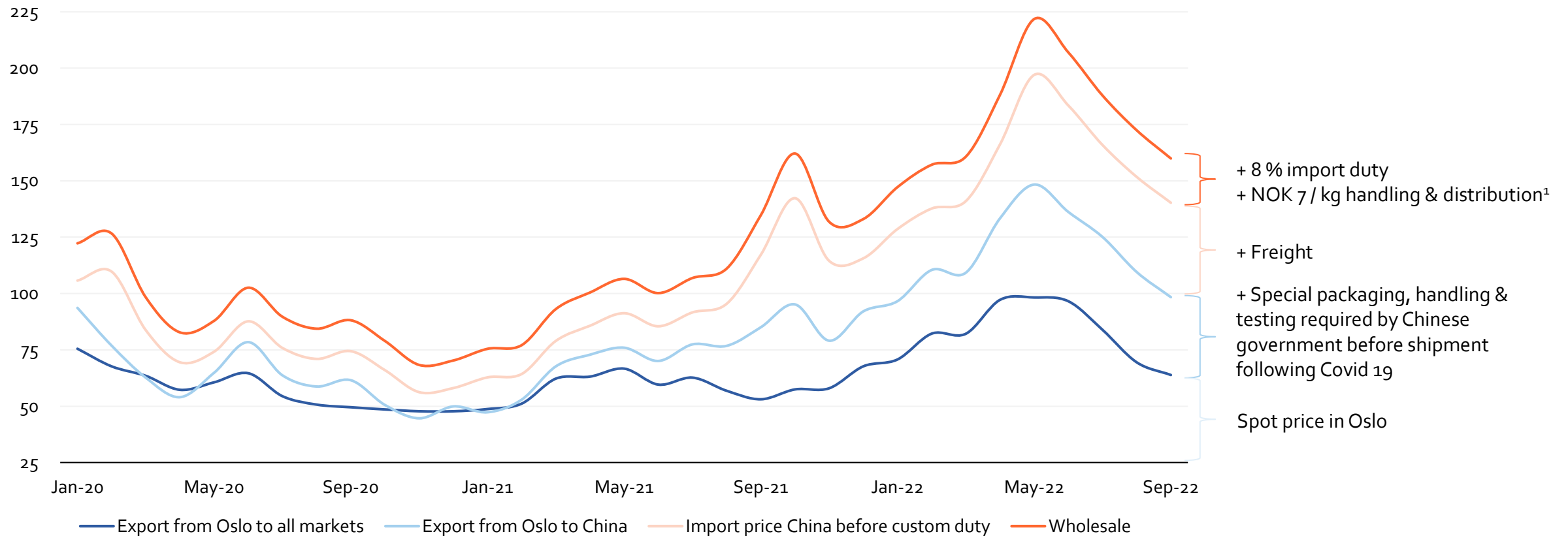


- Kontali expect consumption of Atlantic Salmon to grow with a CAGR of 12% between 2021 and 2030, a total growth of 180%

Atlantic salmon in China is priced substantially above Oslo

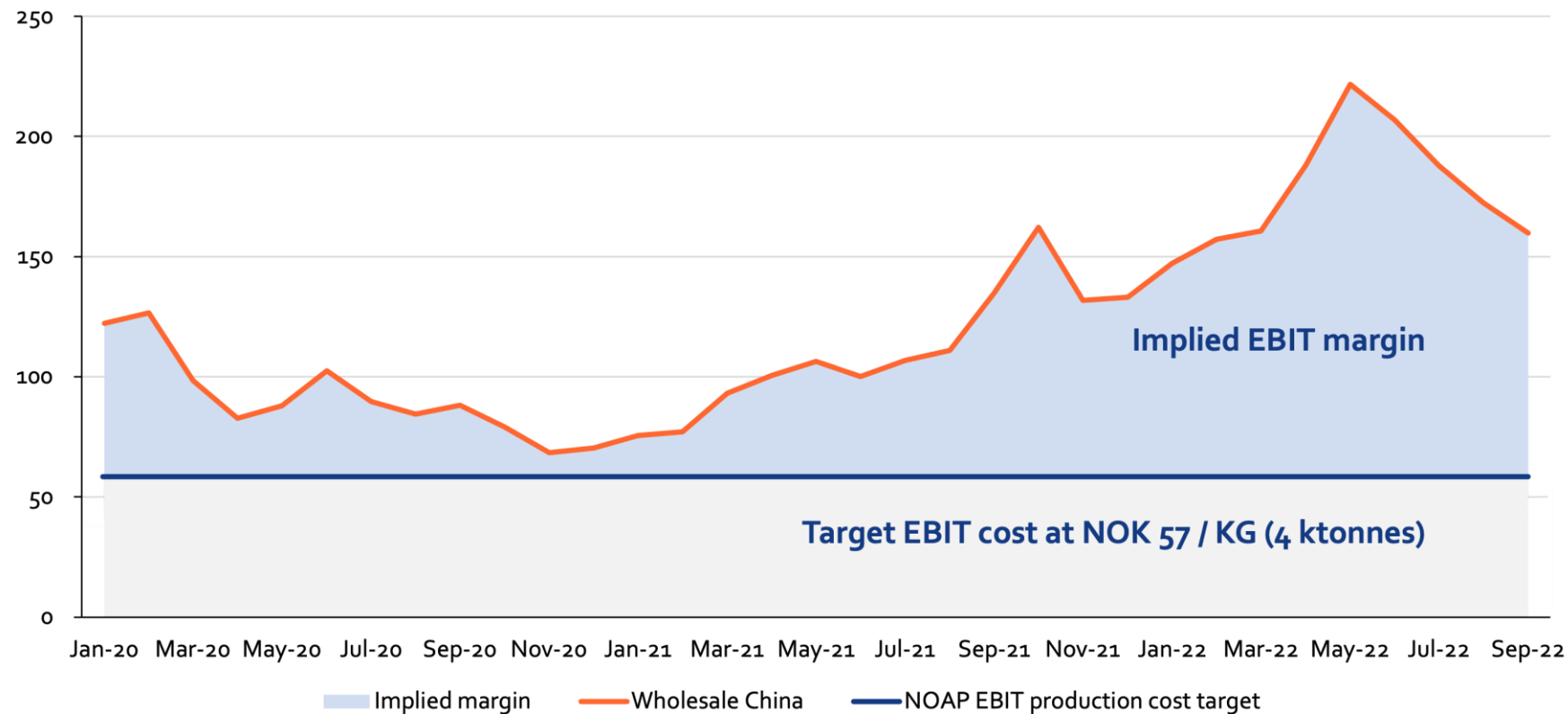
Development in Atlantic salmon price references from FOB Oslo to wholesale in China

NOK / kg (HOG)



Target production cost and local prices result in robust margins

Wholesale price in China and implied margin from target production cost NOK / kg (HOG)



Expect to see attractive margin in 2024, first year on full harvest capacity

- Average wholesale price in 2022 has been NOK 178/kg, implying average NOAP margin of NOK 121/kg

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Budget Stage 1 mainly unchanged since IPO

Lease

Stage 1 and 2



Terms fixed for Stage 1 and 2 (8,000 t)

RAS technology from Akva Group

Stage 1



Turn-key contract at fixed price

Production cost



Elevated feed prices (+40%* since IPO) has resulted in revised budget.

Minor adjustments to Stage 2 & 3 due to inflation

Lease

Stage 1 and 2



Terms fixed for Stage 1 and 2 (8,000 t)

Stage 3



Ongoing negotiations

RAS technology from Akva Group

Stage 1



Turn-key contract at fixed price

Next stages



Cost inflation impact capex assumptions, in dialogue with suppliers.
Inflation effects somewhat offset by optimization, standardization and local sourcing.

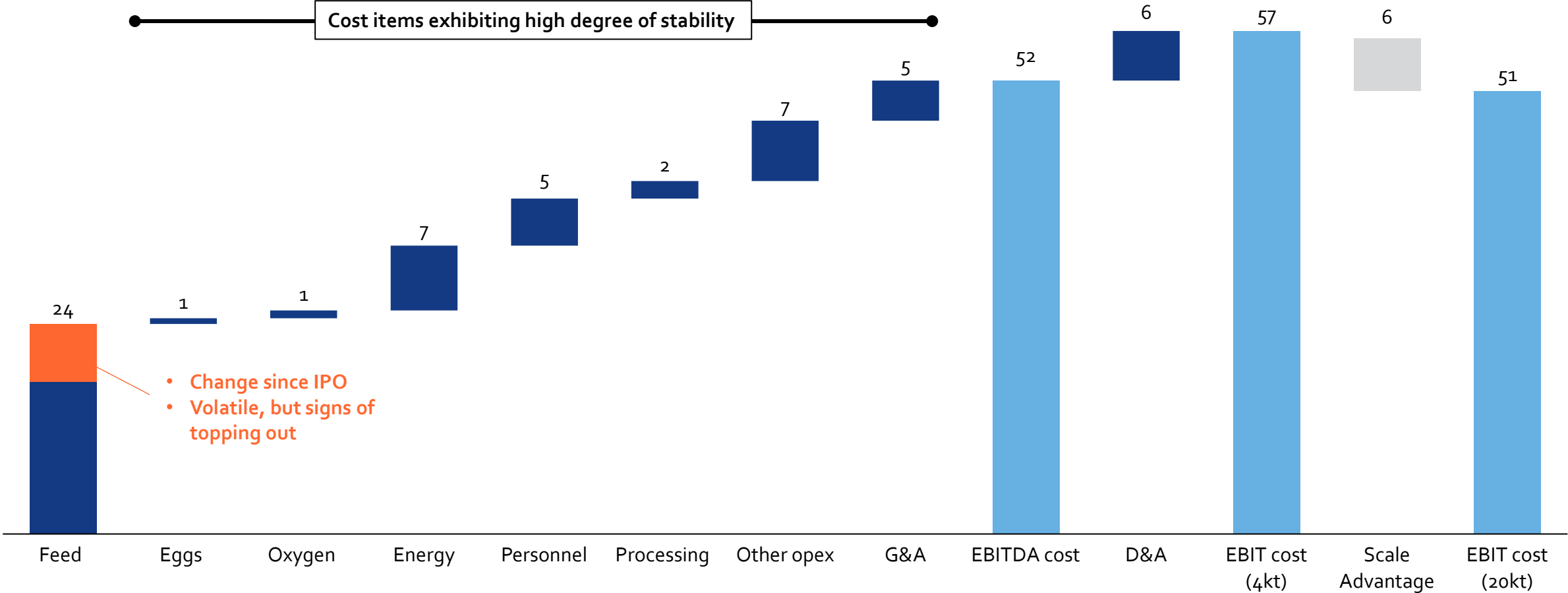
Production cost



Elevated feed prices (+40% since IPO) has resulted in revised budget.

Robust production cost profile with reductions driven by scale

Target production cost breakdown for stage 4,000 tonnes case (NOK/kg, HOG)



Attractive project economics

	Stage 1	Stage 1+2	Stage 1+2+3 (flexibility)
Annual volume tonnes (HOG)	4,000	8,000	20,000
RAS Capex** / kg (HOG)	125 NOK	134 NOK*	140 NOK*
Lease financed capex*** / kg (HOG)	45 NOK	43 NOK*	41 NOK*
WC / kg (HOG)	27 NOK	28 NOK	25 NOK
EBITDA cost**** / kg (HOG)	52 NOK	49 NOK	44 NOK
EBIT cost / kg**** (HOG)	57 NOK	58 NOK	51 NOK

High local Atlantic salmon prices combined with competitive investment and cost level

* Estimates due to ongoing negotiations

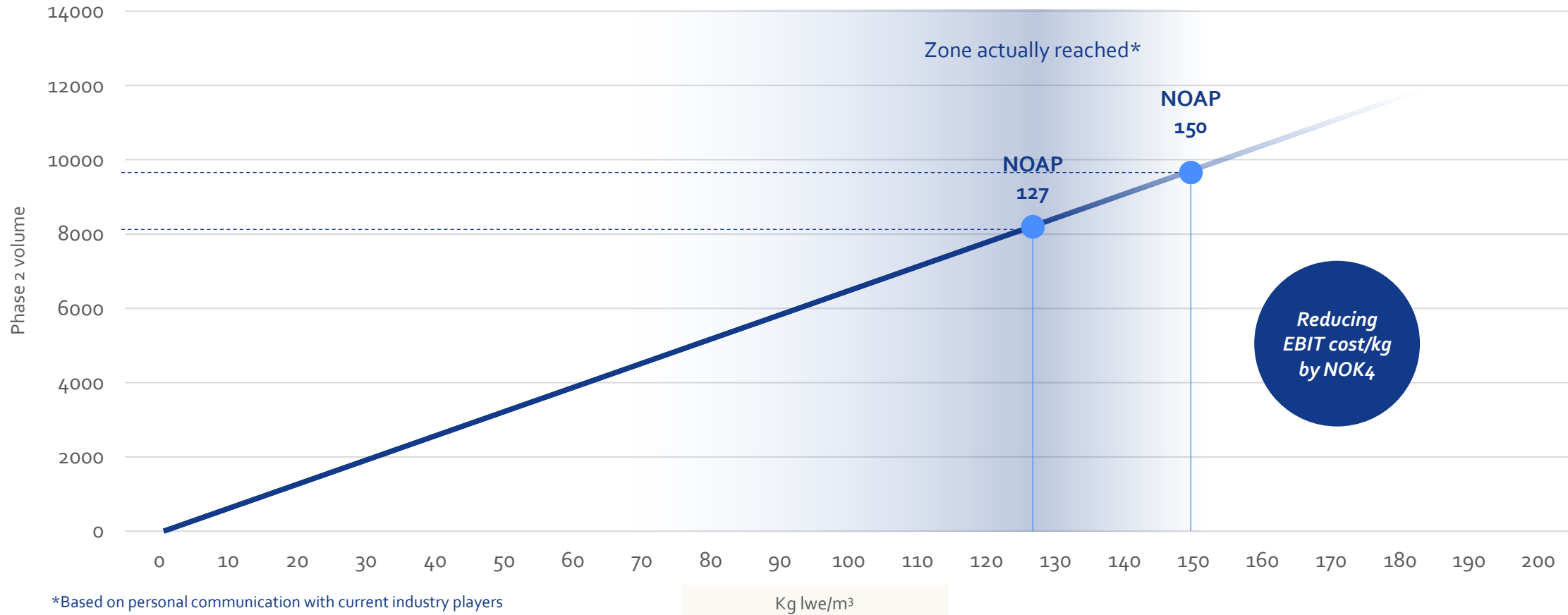
** Capex relates to processing equipment, building is leased

*** Estimated capex financed under lease with local government

**** Assumed feed cos of 24 NOK / kg. HOG, compared with current price of 28 NOK / kg. HOG. Two years average of 21 NOK / kg. HOG

Assumed production capacity

Stage 2 production volume for different kg (lwe) / m³



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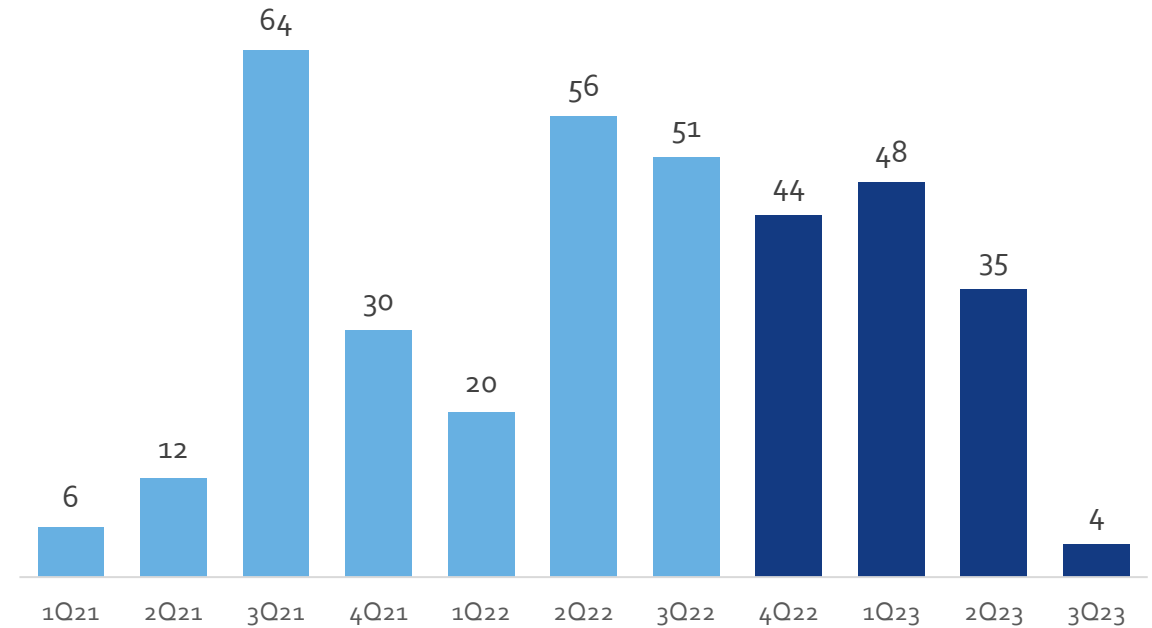
■ Financials

Outlook & Summary

Project Financials

- Capex of 51 MDKK in Q3 2022
- Remaining capex of 131 MDKK
- Capex remains on budget

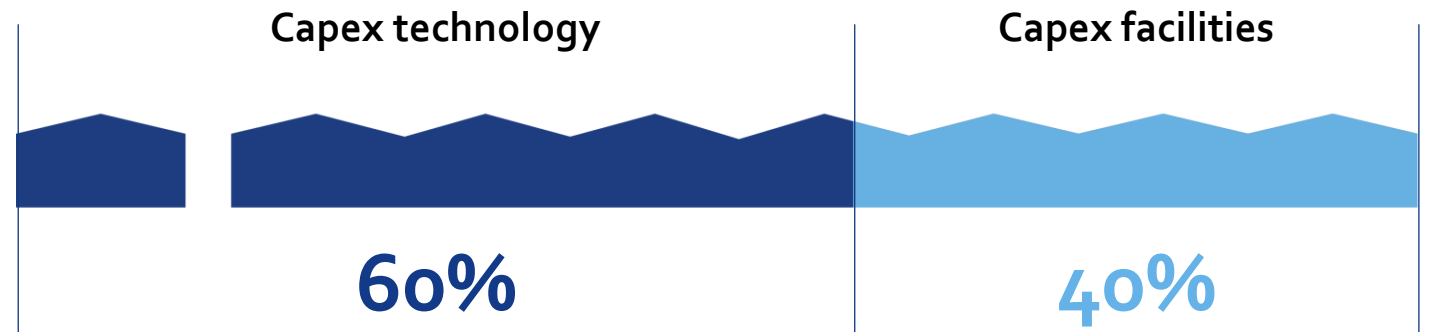
Capex plan Gaotang Island stage 1 / Total 370 MDKK



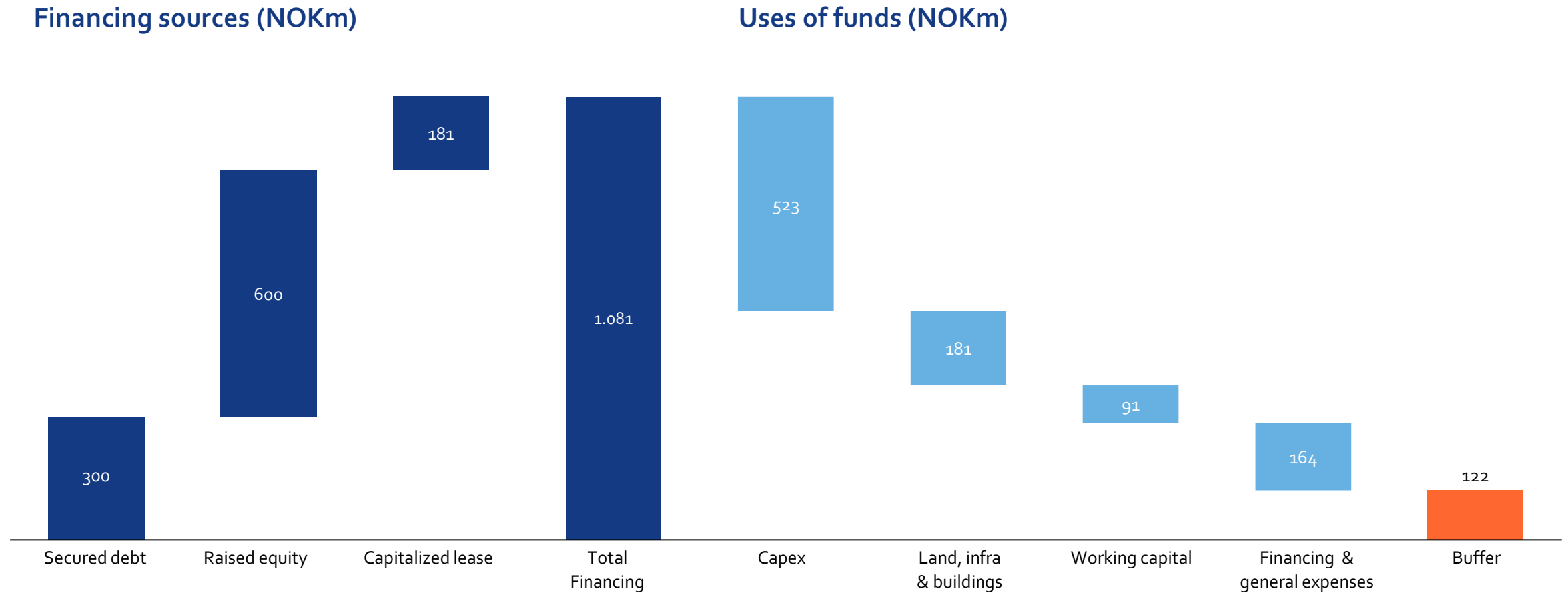
Attractive lease with local government

Lease agreement

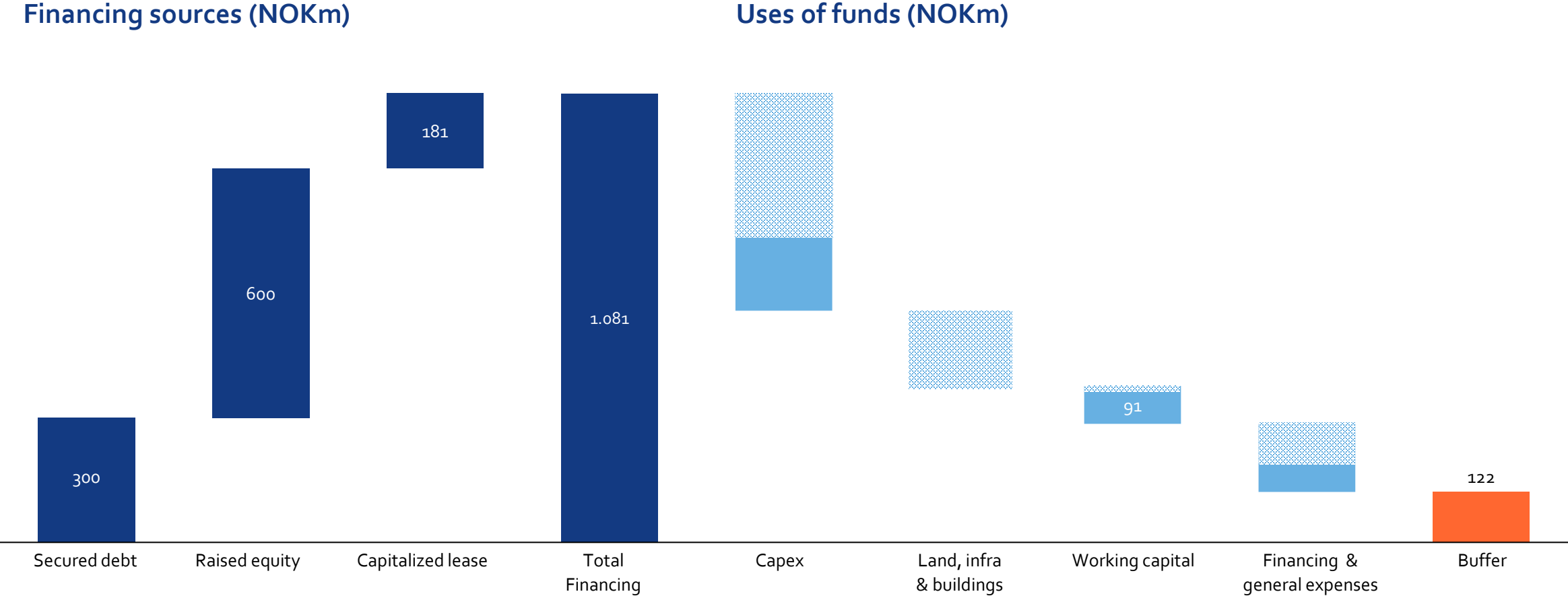
- The leased facility corresponds to a capex/kg of NOK 40-45
- Adding capex for RAS equipment of NOK 125/kg, total capex would be NOK 165/kg
- Annual lease of 18 MNOK



Funded with significant buffer 4,000 tonnes under construction



Funded with significant buffer 4,000 tonnes under construction



Profit & Loss

(figures in DKK 1000)

Other operating income

Personnel expenses

Other operating expenses

EBITDA

Depreciations

Operating profit (EBIT)

Financial income

Exchange rate deviations

Financial expenses

Net financials

Profit/loss before tax

Income tax expense

Profit/loss for the period

	Q3 2022	YTD 2022	Q3 2021	YTD 2021
Other operating income	0	175	0	0
Personnel expenses	-6.299	-13.462	-2.302	-5.927
Other operating expenses	-2.327	-6.786	-2.289	-6.163
EBITDA	-8.626	-20.073	-4.591	-12.090
Depreciations	-126	-358	-55	-83
Operating profit (EBIT)	-8.752	-20.431	-4.646	-12.173
Financial income	279	1.736	18	20
Exchange rate deviations	506	3.599	0	0
Financial expenses	-1.706	-4.401	-2.224	-7.983
Net financials	-921	934	-2.206	-7.963
Profit/loss before tax	-9.673	-19.497	-6.852	-20.135
Income tax expense	0	0	0	0
Profit/loss for the period	-9.673	-19.497	-6.852	-20.135

- Financial performance according to plan and budget
- Personnel expenses driven by increasing production.
- Financial expenses are negative interest on cash, commitment fee on the 25 MEUR loan.

Cash Flow

(figures in DKK 1000)

Cash flow from operations

Operating profit/loss

Adjustments for:

Depreciation

Changes in working capital:

Change in other current receivables

Change in trade payables

Cash generated from operations

Interest paid

Interest received

Net cash flow from operations

Cash flow from investment activities

Payments for fixed assets and other capitalizations

Net cash flow from investment activities

Cash flow from financing activities

Proceeds from new borrowings

Net cash flow from financing activities

Net change in cash and cash equivalents

Foreign exchange differences

Cash and cash equivalents at the beginning of the period

Cash and cash equivalents at the end of the period

	Q3 2022	YTD 2022	Q3 2021 YTD 2021
Operating profit/loss	-8.752	-20.431	-4.646
Depreciation	126	358	55
Change in other current receivables	-551	4.939	-1.377
Change in trade payables	10.500	14.537	36.535
Cash generated from operations	1.324	-596	30.567
Interest paid	-1.706	-4.401	-2.224
Interest received	279	1.736	18
Net cash flow from operations	-103	-3.261	28.361
Payments for fixed assets and other capitalizations	-51.228	-128.769	-63.498
Net cash flow from investment activities	-51.228	-128.769	-63.498
Proceeds from new borrowings	0	0	0
Net cash flow from financing activities	0	0	0
Net change in cash and cash equivalents	-51.331	-132.030	-35.137
Foreign exchange differences	2.463	-23.895	3.849
Cash and cash equivalents at the beginning of the period	204.550	277.345	374.480
Cash and cash equivalents at the end of the period	155.682	121.420	343.192

- Cash flow according to plan and budget
- Payment for fixed assets 51 MDKK in Q3 2022
- First utilization of loan expected in Q4 2022
- Net change in cash in Q2 2022 -51 MDKK
- Available liquidity of 379 MDKK as of 30.09.2022. Cash 156 MDKK, working capital 37 MDKK and loan 186 MDKK

Financial Position

(figures in DKK 1000)

Assets

Assets under construction
Property, plant & equipment
Deposits

Total non-current assets

Biological assets (Biomass)
Other current receivables
Receivables
Cash and cash equivalents

Total current assets

Total assets

Equity and liabilities

Total equity

Provisions
Trade payables
Other current liabilities

Total current liabilities

Total liabilities

Total equity and liabilities

Q3 2022	Q3 2021
238.282	29.117
2.918	74.644
10.720	9.935
251.920	113.696
3.870	0
962	3.624
11	0
155.682	343.192
160.524	346.817
412.444	460.513
385.470	400.072
2.240	0
21.224	58.669
3.509	1.772
26.974	60.441
26.974	60.441
412.444	460.513

- Total assets of 412 MDKK
- Cash 156 MDKK
- Biomass of 3.8 MDKK and increasing, equivalent to ~4 tonnes
- Equity to reach Phase 2, annual production of 8.000 tonnes HG

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ESG performance will monitored by:

- Audit Scopes 1, 2 and 3

GLOBALG.A.P.



Renewable energy

The 39,000 m² facility roof will be covered with solar panels producing 20-25% of the required energy. Gaotang Island is a net exporter of renewable energy with a 400 GWh solar and wind power plant in the immediate vicinity of the facility.

No Air transports

Nordic Aqua is a local producer of Atlantic salmon, hence no air-transport with high carbon footprint is required to reach the market.

Freshwater

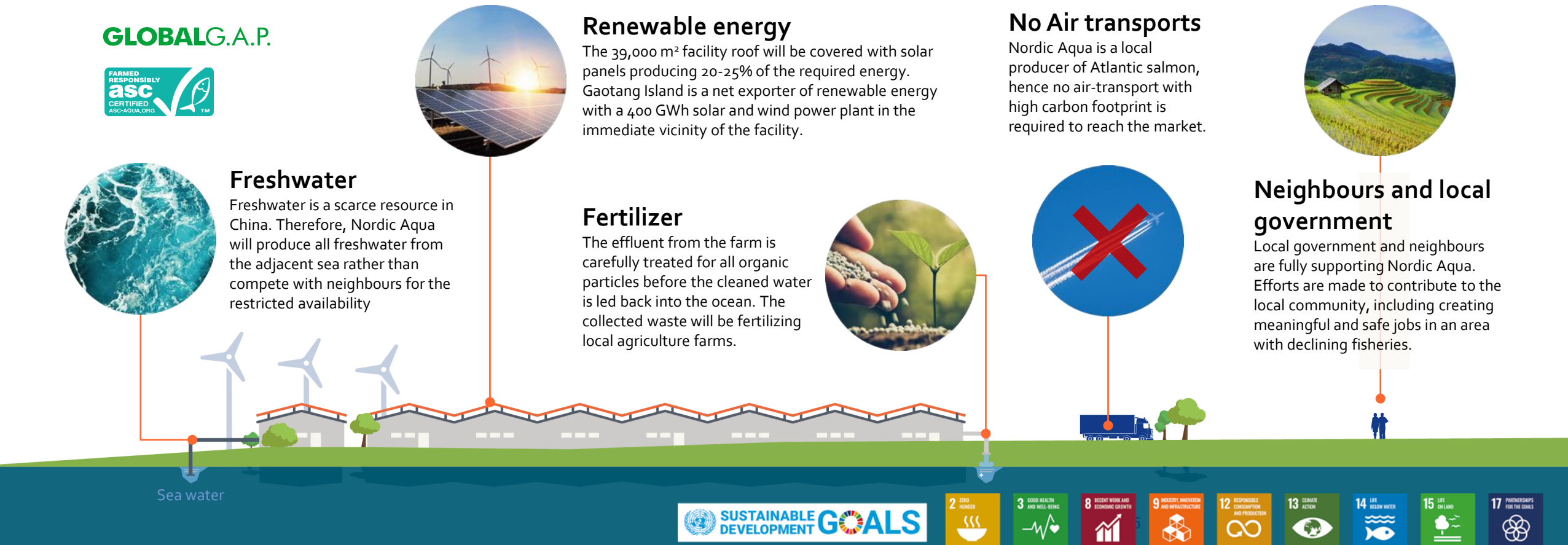
Freshwater is a scarce resource in China. Therefore, Nordic Aqua will produce all freshwater from the adjacent sea rather than compete with neighbours for the restricted availability

Fertilizer

The effluent from the farm is carefully treated for all organic particles before the cleaned water is led back into the ocean. The collected waste will be fertilizing local agriculture farms.

Neighbours and local government

Local government and neighbours are fully supporting Nordic Aqua. Efforts are made to contribute to the local community, including creating meaningful and safe jobs in an area with declining fisheries.



Outlook and Summary

- Project on time and on budget
- Installation of RAS equipment and fish transfers moving ahead according to plan
- Good biological performance with high growth rates and low mortality rates
- Continue to build and strengthen organisation
- Salmon prices in China combined with competitive investment and cost level continue to support business opportunity
- Investigating aspects of accelerated expansion plan to reach a capacity of 20,000 tons by 2026



**Nordic
Aqua**

