



Q2 2022

Presentation 18.08.2022

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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, 100% of capex is fixed
- Installation of RAS 02 completed, fish transferred from RAS 01 to RAS 02
- Biological performance better than planned, the fry is now 3 grams
- Salmon prices in China continues the strong development
- Capex of 56 MDKK in period Q2 2022 and 188 MDKK total out of total project capex of 370 MDKK (125 NOK/kg)
- Available liquidity of 428 MDKK as of 30.06.2022, including cash and undrawn credit facilities



Nordic Aqua Partners – first 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 Uniquely located near Shanghai, with access to +100 million consumers within 5 hours
- 4 World class RAS- and management team with extensive experience from land-based salmon farming and from doing business in China
- 5 Dedicated support from local authorities and leading industry players

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Project status

- Project continues to develop on time and on budget
- Construction activity in full motion – carried under lease agreement
- Installation of RAS 02 completed in July, fish moved from RAS 01 to RAS 02 according to schedule
- Installation of RAS 03 ongoing and on schedule for fish transfer in October
- Construction of RAS 4-5-6- facility in process as per plan



Project status

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RAS 4 and 5

Good progress at the construction site



Construction site June 2022



Construction site August 2022



● Stage 1: 38k m²

● Stage 2: 19k m²

Salmon under production at Gaotang

Hatchery



March

Batch 1

- Status: Completed
- First eggs arrived on site on March 9th

Batch 2

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

RAS 01



May

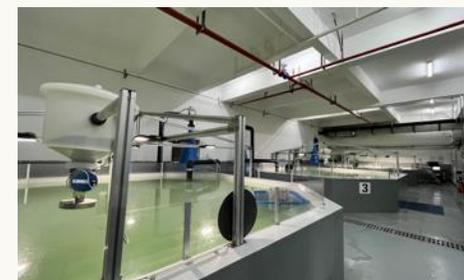
Batch 1

- Status: Completed
- Introduced in June for start feeding

Batch 2

- To be introduced in August

RAS 02



July

Batch 1

- Status: Completed
- Transferred from RAS 01 to RAS 02 in July

RAS 03



October

Batch 1

- Status: Under installation
- To be transferred from RAS 02 to RAS 03

Installing RAS technology and building organization

- Fish Health Manager joining the team
- Senior RAS team in place, track-record of land-based farming
- Recruitment and subsequent training of local farming operators ongoing

RAS Team

Senior RAS management



Ragnar Joensen
COO



Ola Frøvik
Farm Manager



Bergur Magnussen
Assisting Farm
Manager



Johan Toftegaard
RAS and fish
production expert



Alejandro Millar
Fish Health
Manager

Farming operators – currently 8 employees



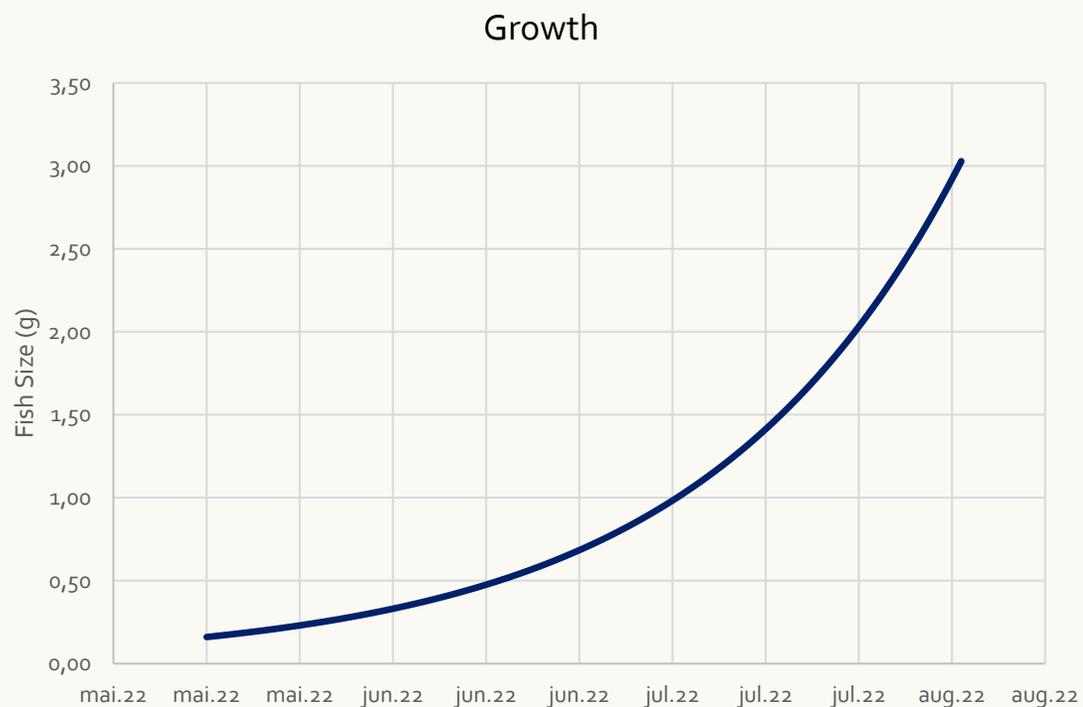
Hatchery



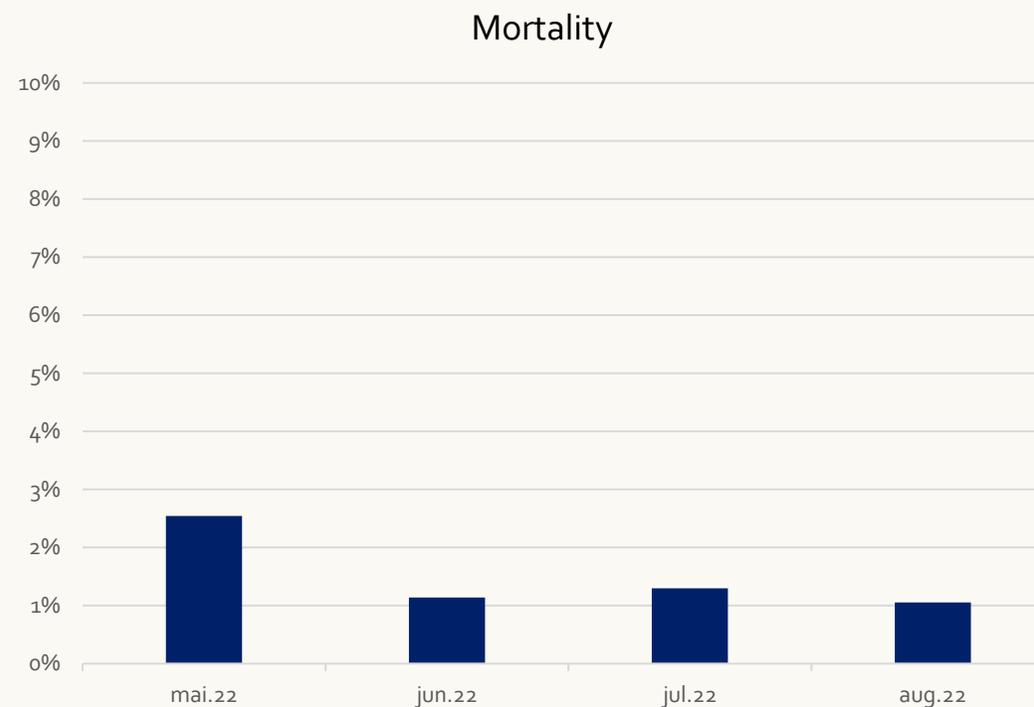
Start feeding

Good biological performance

Growth above expectations



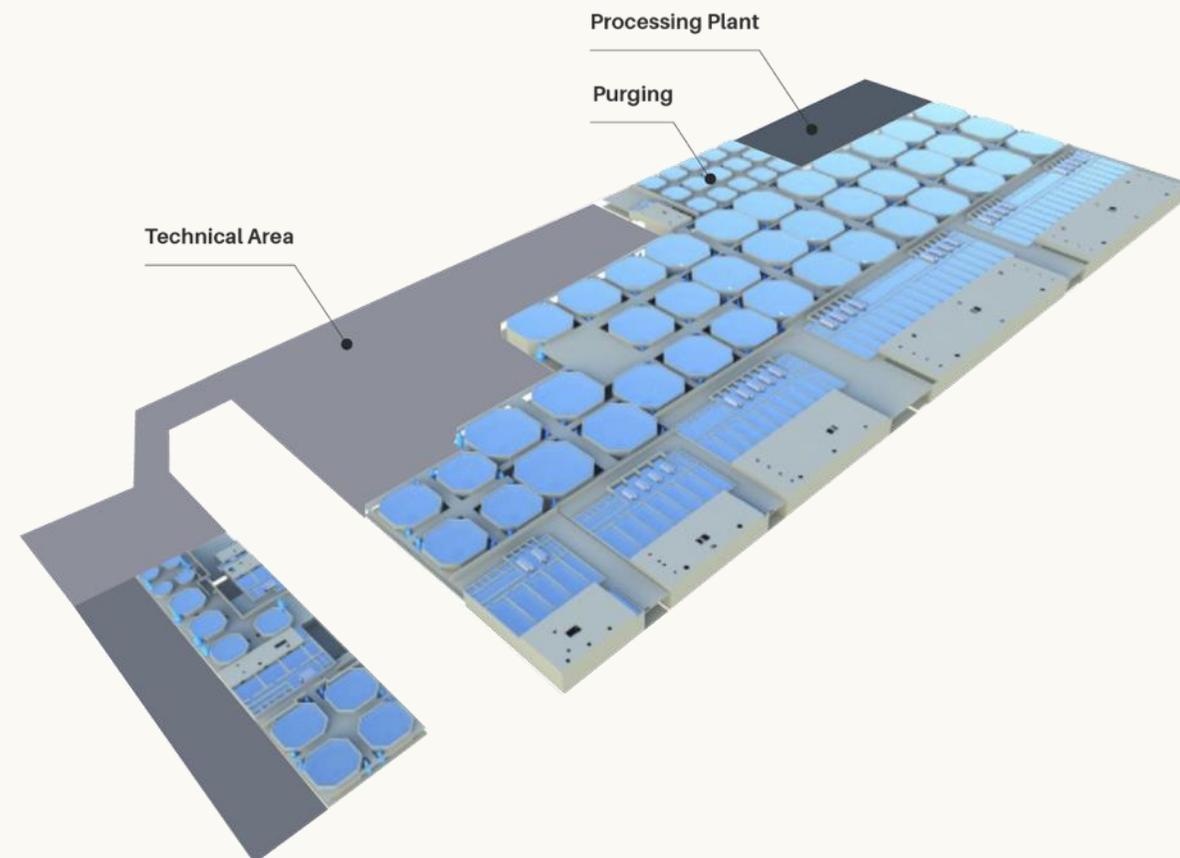
Survival above expectations



Mortality measured as numbered monthly mortality divided by primo number

4,000 tonnes RAS facility under construction

- Delivered by leading technology provider AKVA Group
- Internal RAS team with extensive experience
 - Successful operation of similar systems
 - High certainty on capex after having completed several similar facilities
- Will run RAS system 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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 **Market**

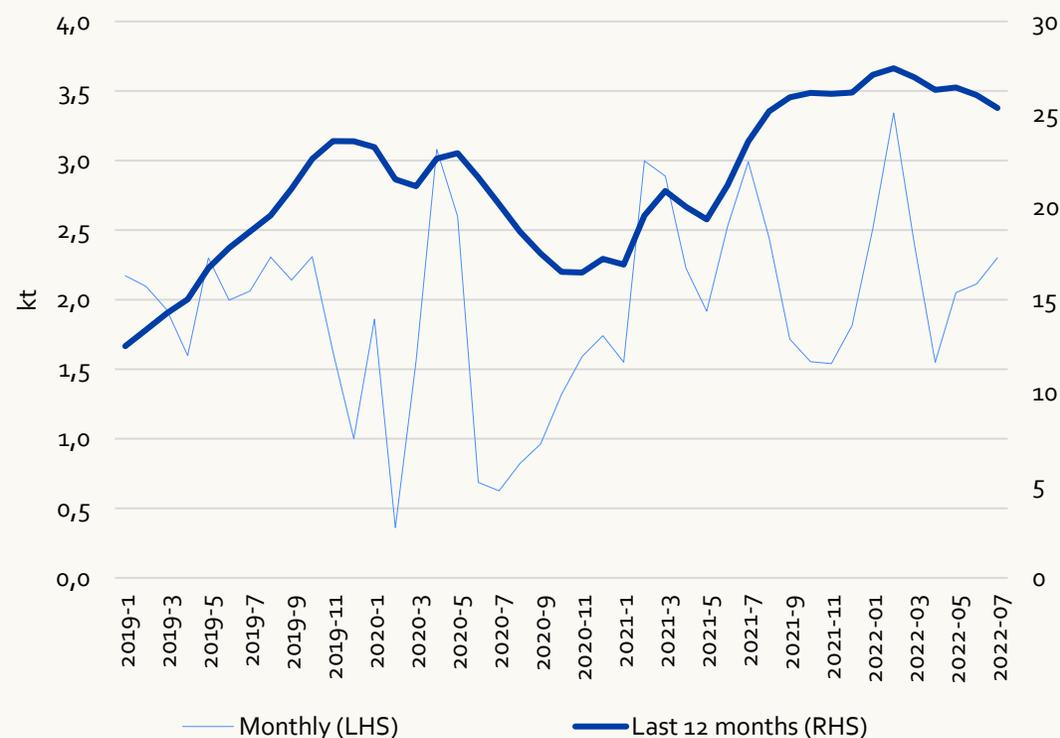
Assumptions and KPI's

Financials

Outlook & Summary

Sharp recovery in demand for Norwegian salmon during 2021 continued in 2022

Norwegian export of salmon to China (k tonnes HOG)

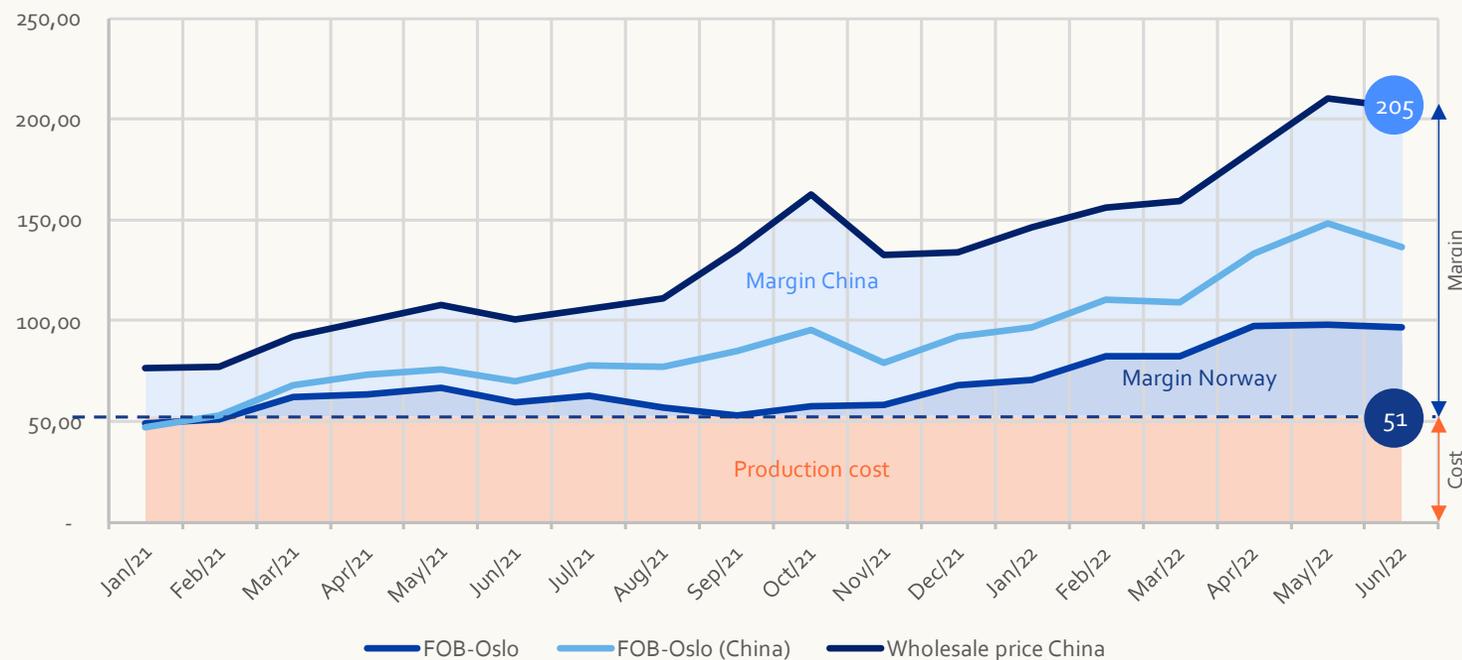


- Market for Atlantic salmon is expected to exceed pre-pandemic levels in 2022/2023
- Kontali expect consumption of Atlantic Salmon to grow with a CAGR of 15% between 2021 and 2025, increasing consumption from 100,000 tonnes to 250,000 tonnes
- On-line and home delivery of fresh seafood, including Atlantic salmon, continues to grow
- Recent outbreak of Covid 19, and subsequent lockdowns in Shanghai and Beijing, in combination with logistic challenges due to the war in Ukraine has temporary halted the market growth.

Source: Norwegian Seafood council monthly reports

Salmon prices – to the Chinese market

Export prices 2021 and 2022 from Norway to China, NOK/kg HOG



Source: Kontali AS, China custom statistics

- Market prices for fresh Atlantic salmon is expected to remain high also after current pandemic restrictions have been eased
- We do therefore expect to see attractive margins for our locally farmed Atlantic salmon also in 2024, our first year on full capacity
- In June Wholesales prices in China were 205 NOK/kg HOG and with an EBIT cost/kg at 51 NOK the implied margin would be 154 NOK/kg.
- Relative to FOB-Oslo prices at 97 NOK/kg HOG the extra margin in China was in June 108 NOK/kg HOG.

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Budget remains unchanged since IPO



Lease

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

Ongoing negotiations for Stage 3
(20,000 t)



Akva Group RAS technology

Stage 1:

Turn-key contract at fixed price

Next stages:

Similar to stage 1.

Continued cost inflation may bring about adjustments to capex assumptions, in dialogue with suppliers. Cost inflation dampened by learning, standardization and local sourcing.



Production cost

Budget includes some headroom
for inflation

If current elevated feed prices
persists, expected production cost
may need to be adjusted
accordingly

Project Milestones

Key milestones and KPI's

	Stage 1	Stage 2	Stage 3	Total
RAS Capex	500 MNOK (370 MDKK)	500 MNOK (370 MDKK)	1,500 MNOK (1,100 MDKK)	2,500 MNOK (1,840 MDKK)
Paid in equity	600 MNOK (448 MDKK)		TBD	
Secured bank financing**	250+50 MNOK (186+36 MDKK)			
Annual volume tonnes (HOG)	4,000	4,000	12,000	20,000
Capex/kg*** (HOG)	125 NOK (93 DKK)	125 NOK (93 DKK)	125 NOK (93 DKK)	125 NOK (93 DKK)
WC/kg (HOG)	33 NOK (37 DKK)	31 NOK (27 DKK)	29 NOK (23 DKK)	29 NOK (23 DKK)
EBITDA cost / kg (HOG)	43 NOK (32 DKK)	41 NOK (30 DKK)	38 NOK (27 DKK)	38 NOK (27 DKK)
EBIT cost / kg (HOG)	51 NOK (38 DKK)	49 NOK (36 DKK)	46 NOK (33 DKK)	46 NOK (33 DKK)
Production Capacity (lwe)	127 Kg / m ³	127 Kg / m ³	127 Kg / m ³	127 Kg / m³

* Excluding lease with local government, including biomass and start-up costs

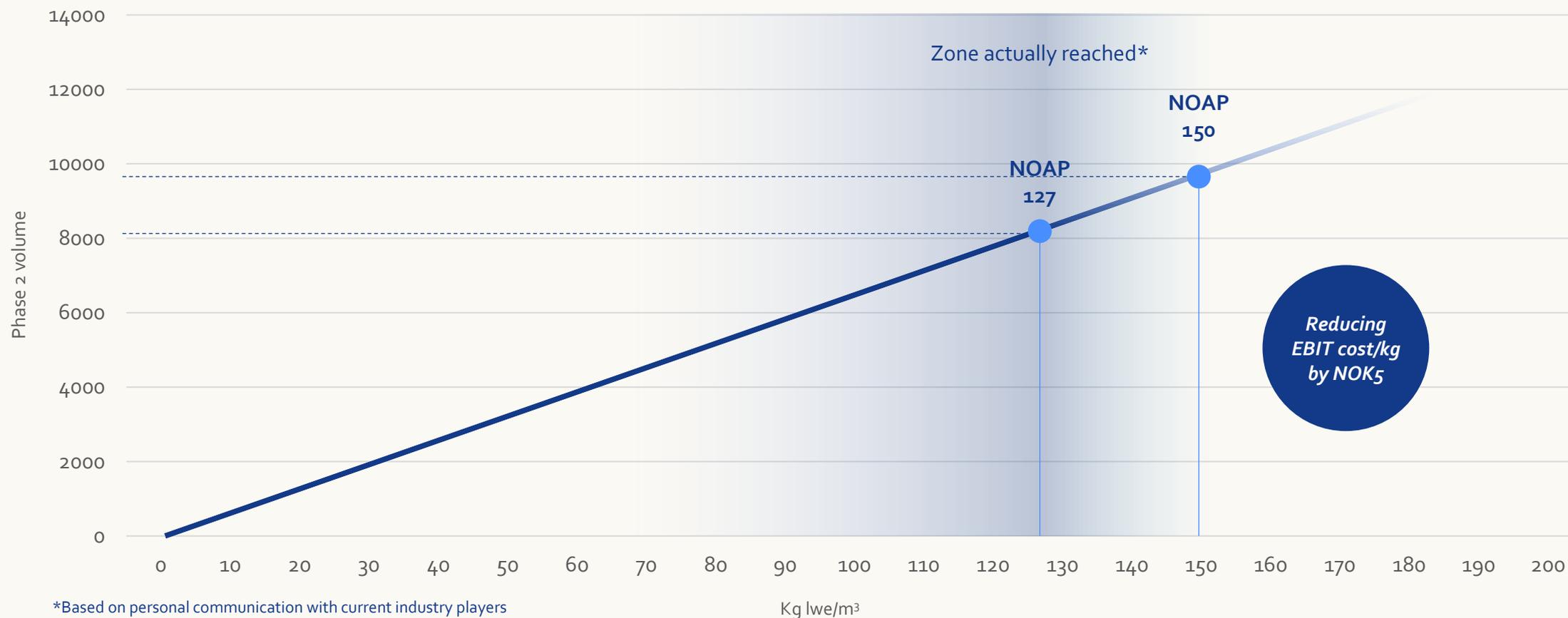
** Converted with EUR:DKK 745

*** Capex relates to processing equipment, building is leased

High local salmon prices combined with competitive investment level expected to result in attractive project economics

Assumed production capacity

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



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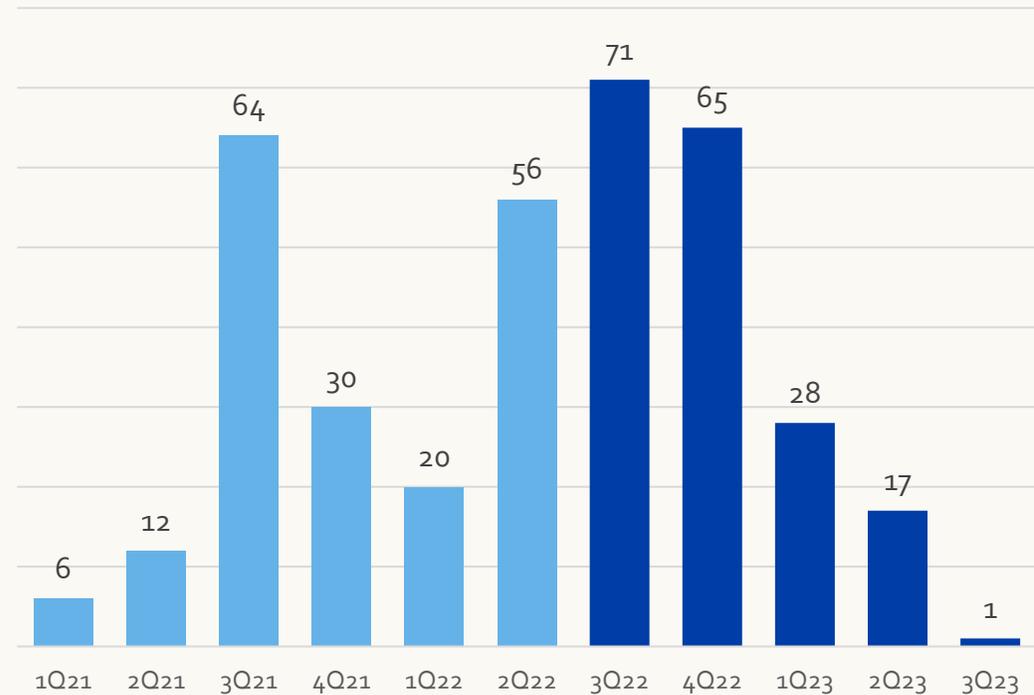
■ Financials

Outlook & Summary

Project Financials

- Capex of 56 MDKK in Q2 2022
- Remaining capex of 182 MDKK
- Large payments in second half year 2022
- Capex remains on budget.

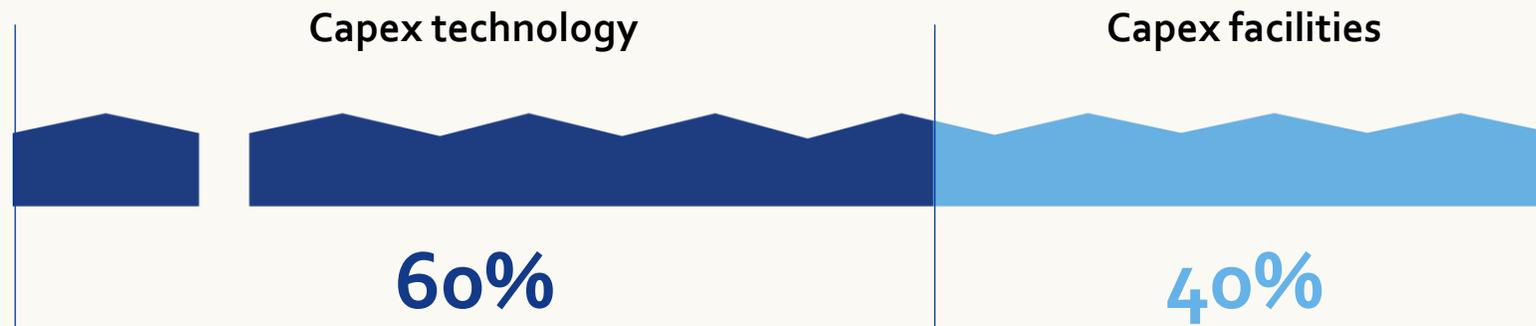
Capex plan Gaotang Island stage 1 / Total 370 MDKK



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



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

	Q2 2022	Q2 2021	H1 2022	H1 2021
Other operating income	136	0	175	0
Personnel expenses	-3.643	-2.384	-7.163	-3.625
Other operating expenses	-3.227	-2.136	-4.459	-3.874
EBITDA	-6.735	-4.520	-11.448	-7.499
Depreciations	-122	-23	-232	-28
Operating profit (EBIT)	-6.856	-4.543	-11.679	-7.527
Financial income	1.267	2	1.457	2
Exchange rate deviations	2.571	-2.323	3.093	-2.323
Financial expenses	-29	-1.360	-2.695	-3.433
Net financials	3.809	-3.681	1.855	-5.754
Profit/loss before tax	-3.047	-8.223	-9.824	-13.280
Income tax expense	0	0	0	0
Profit/loss for the period	-3.047	-8.223	-9.824	-13.280

- Financial performance according to plan and budget
- Personnel expenses driven by new hirings RAS experts and administration staff
- Financial expenses are negative interest on cash, commitment fee on the 25 MEUR loan and exchange deviations.

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

Payments for intangible assets

Net cash flow from investment activities

Cash flow from financing activities

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

	Q2 2022	Q2 2021	H1 2022	H1 2021
Operating profit/loss	-6,856	-4,543	-11,679	-7,527
Adjustments for:				
Depreciation	122	23	232	28
Changes in working capital:				
Change in other current receivables	13,746	-881	3,203	-1,619
Change in trade payables	-4,311	23,389	5,770	21,812
Cash generated from operations	2,700	17,988	-2,475	12,694
Interest paid	-1,351	-3,686	-2,695	-5,759
Interest received	1,267	2	1,457	2
Net cash flow from operations	2,617	14,304	-3,712	6,937
Cash flow from investment activities				
Payments for fixed assets and other capitalizations	-54,687	-21,710	-77,542	-34,857
Payments for intangible assets	-101	0	-370	0
Net cash flow from investment activities	-54,788	-21,710	-77,912	-34,857
Cash flow from financing activities				
Net cash flow from financing activities	0	0	0	0
Net change in cash and cash equivalents	-52,171	-7,406	-81,624	-27,920
Foreign exchange differences	3,752	-4,247	8,829	-2,812
Cash and cash equivalents at the beginning of the period	252,969	380,509	277,345	399,588
Cash and cash equivalents at the end of the period	204,550	368,856	204,550	368,856

- Cash flow according to plan and budget
- Payment for fixed assets 55 MDKK in Q2 2022
- First utilization of loan expected in Q4 2022
- Net change in cash in Q2 2022 -52 MDKK
- Available liquidity of 428 MDKK as of 30.06.2022. Cash 204 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

30/06/2022	30/06/2021	31/12/2021
188.312	0	111.141
1.660	40.263	1.290
10.685	9.690	10.296
200.657	49.953	122.727
2.287	0	0
389	2.247	4.656
11	0	1.234
204.550	374.480	277.345
207.237	376.727	283.235
407.895	426.680	405.962

Equity and liabilities

Share capital
Other equity
Total equity

10.284	10.284	10.284
384.334	392.610	388.172
394.618	402.894	398.456

Total non-current liabilities

0	0	0
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Trade payables
Other current liabilities
Total current liabilities

10.724	22.134	6.687
2.552	1.652	820
13.276	23.786	7.506

Total liabilities

13.276	23.786	7.506
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Total equity and liabilities

407.895	426.680	405.962
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- Total assets of 406 MDKK
- Cash 253 MDKK
- Equity to reach Phase 2, annual production of 8.000 tonnes HG

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ESG

ESG performance will be 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.



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.

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.



Sea water

Nordic Aqua Partners



Summary and Outlook

- Project on time and on budget
- Fish transferred from RAS 01 to RAS 02 in July, scheduled to be transferred into RAS 03 in October
- Good biological performance, fish (fry) now 3 grams
- Continue to build and strengthen organisation
- Strong development of the Chinese market for Atlantic Salmon
- Investigating aspects of accelerated expansion plan to reach a capacity of 20,000 tons by 2026, to be concluded by end 2022



Q & A