NORDIC AQUA PARTNERS

First half year 2021

Nordic Aqua Partners A/S
Hundegade 1, 6760 Ribe, Denmark
Business Registration No. 38 18 30 01

NORDIC AQUA PARTNERS

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Nordic Aqua Partners in China

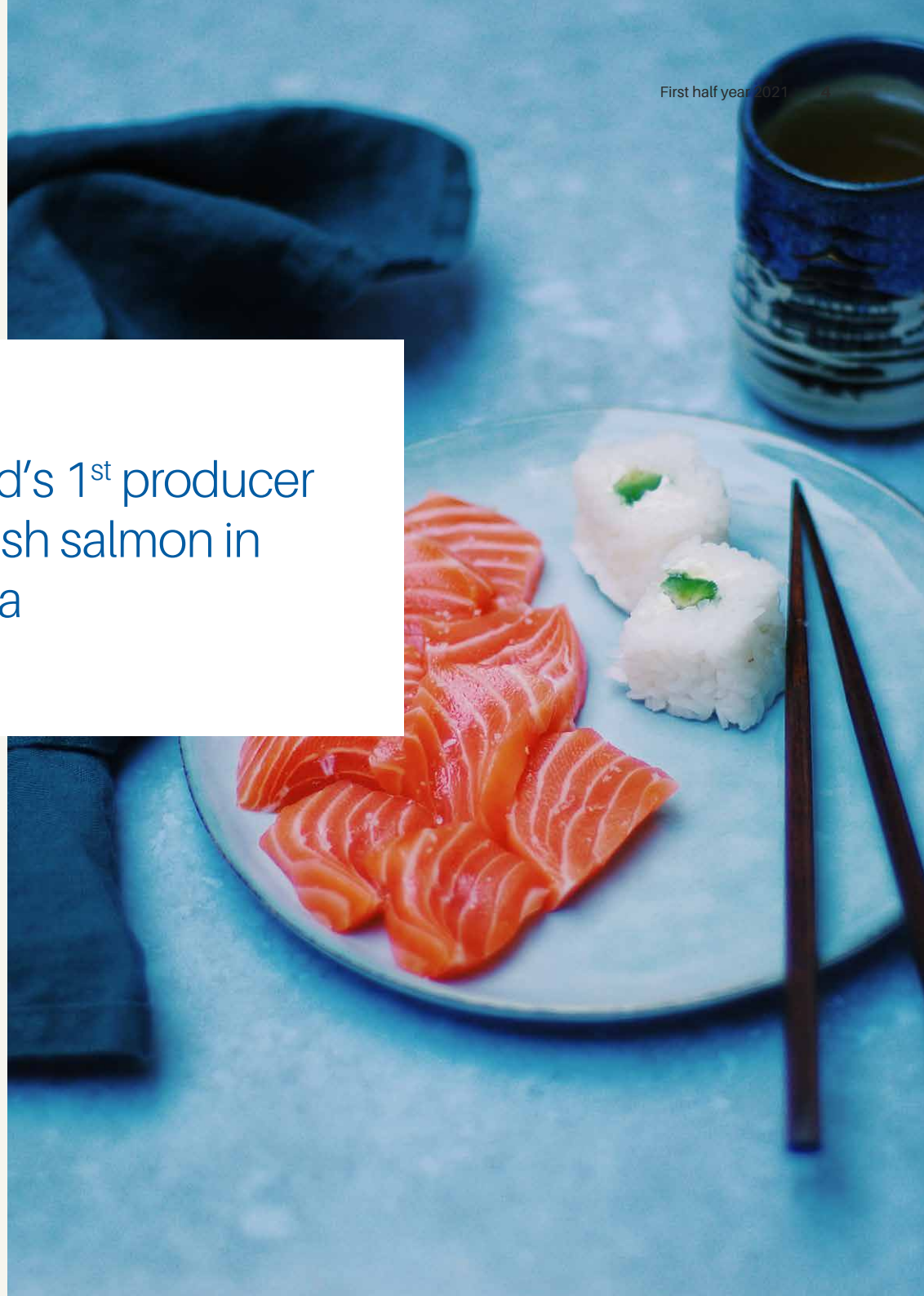
World's 1st producer of fresh salmon in China

Nordic Aqua Partners

Nordic Aqua Partners is a Nordic land-based salmon farming company, using cutting-edge technology and expertise to set up the first fully integrated and commercially scaled Recirculating Aquaculture System [RAS] farm for Atlantic salmon located in Ningbo, China. With operations in place, Nordic Aqua Partners will be the first local producer of truly sustainable salmon to the Chinese market, positioned to deliver fresh and locally farmed Atlantic salmon to ~100 million of China's wealthiest consumers within 5 hours and 1.4 billion consumers within 24 hours.

- Stage 1 under construction with 4,000 tonnes from 2024 and first harvest in 2023
- Fully funded to reach 4,000 tonnes, equity in place to reach 8,000 tonnes
- Existing plan for 20,000 tonnes and an ambition to reach 50,000 tonnes
- Uniquely located near Shanghai, with access to +100 million customers within 5 hours
- World class RAS team providing the best land-based salmon farming experience and know-how and management team with long experience from building business in China
- Dedicated support from local authorities and leading industry player

World's 1st producer of fresh salmon in China



Pipeline with attractive upside

OPPORTUNITIES TO REPLICATE THE PROCJECT

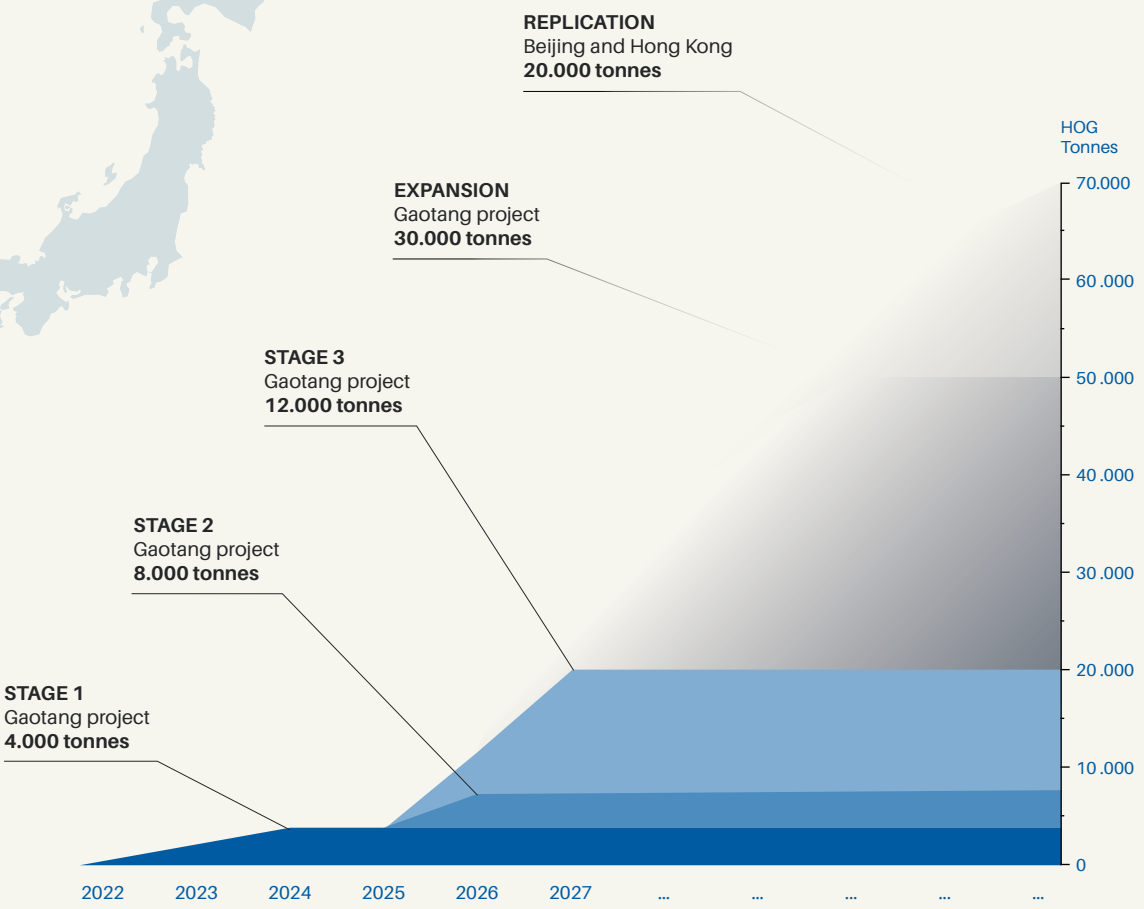
Greater Beijing area **~92,000,000**

Greater Shanghai area **~100,000,000**

Gaotang

Greater Hong Kong area **~50,000,000**

ILLUSTRATIVE PRODUCTION PROFILE



Highlights in the first half year

- Project is developing according to plan – on time on budget. First eggs in Q4 2021 and first harvest in Q4 2023
- Upscaling of business plan to 20,000 tonnes
- Design package and site preparation completed in Q1 2021. Construction of hatchery facility commenced in Q2 2021
- Signed agreement with Xiangshan Strait Economic & Technological Cooperation Co., Ltd, for a 10 + 10 years' lease of land, infrastructure and facilities
- Signed banking agreement with Bank of Ningbo for working capital facility of 35 MRMB (34 MDKK)
- Available cash of 374 MDKK and total undrawn credit facility at 25 MEUR (186 MDKK) as of 30.06.202

Key figures

(**figures in DKK 1000**)	**H1 2021**	**H1 2020**	**2020**
IFRS main figures			
Operating Revenues	0	0	0
EBITDA	-7,499	-6,549	-18,987
EBIT	-7,527	-6,551	-18,990
Profit / (loss) before taxes	-13,283	-6,904	-25,506
Cash flow from investment activities	-34,857	0	-5,431
Cash flow from financing activities	0	19,398	429,669
Net cash flow	-27,920	13,479	390,758
Available cash	374,480	22,545	399,588
Net Interest-bearing liabilities	0	11,926	0
Total assets	425,426	23,101	414,934
Equity	402,894	9,431	412,959
Equity ratio	94.7	40.8	99.5

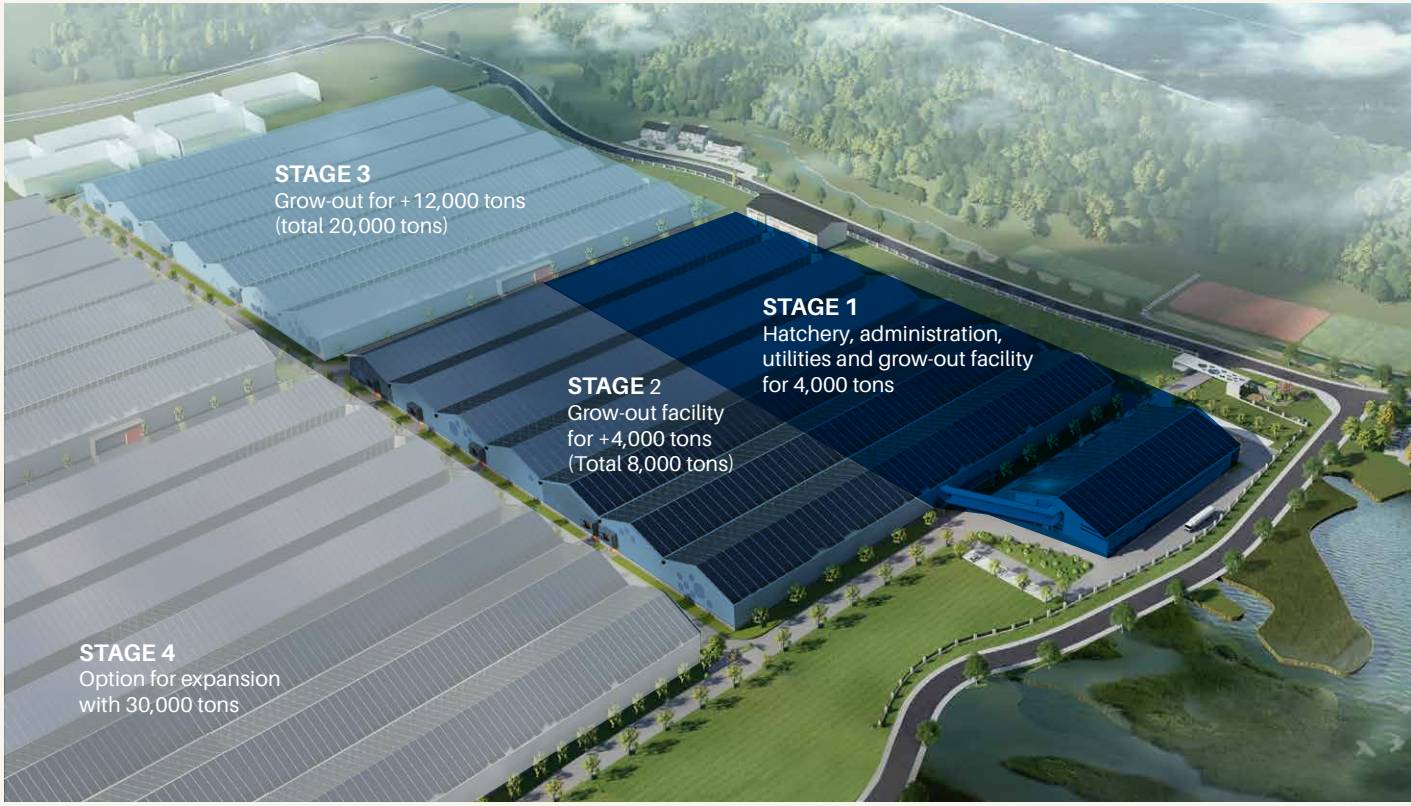
Targeting 20,000 tonnes in 2027

Nordic Aqua Partners A/S, through its 100% owned company in China, Nordic Aqua (Ningbo) Co. Ltd., is well underway to build a RAS based salmon farm in Ningbo, the first of its kind in China. First harvest is scheduled for Q4 2023, with an initial annual capacity of 4,000 tonnes. The company has made certain design changes to the facilities, which allow for expansion up to 20,000 tonnes annual production on existing land, up from previously 16,000 tonnes.

The local government is providing dedicated backing of the project, which has materialized in an attractive long-term lease agreement where the government provides infrastructure and facilities. The lease agreement is for an initial 8,000 tonnes, but a Letter of Intent to expand the annual capacity to reach 20,000 tonnes on current location and contracted land area is in the process of being signed.

The overall objective is to start actual construction of such expansion first part of 2024, and therefore to gradually increase annual capacity to reach 20,000 tonnes capacity by end 2026.

The company has also initiated discussions with the local government for further expansion to reach an annual capacity of 50,000 tonnes on neighbouring land parcel based on same principal of cooperation, however a firm schedule for such additional expansion is not decided.



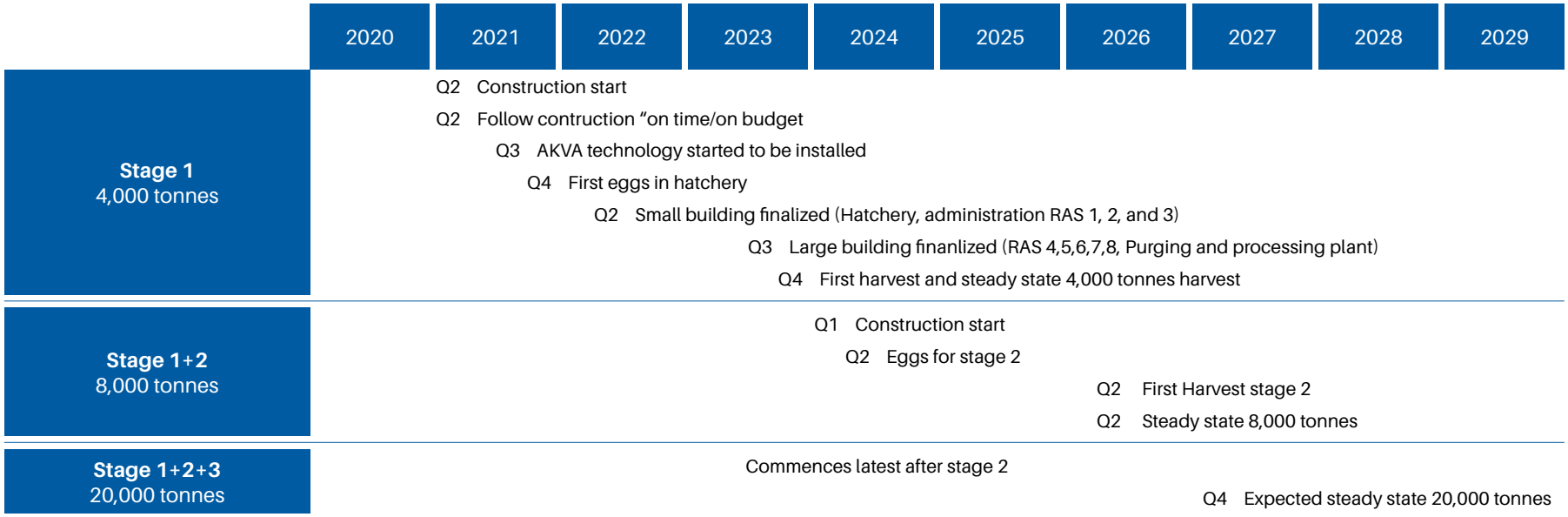
Roadmap to 20,000 tonnes and beyond on Gaotang Island

Targeting 20,000 tonnes in 2027

Following completion of the equity financing in Q4 2020, construction commenced in Q2 2021. Development of infrastructure and building of the administration and the hatchery facility is expected to be completed by Q4 2021.

Eggs will be introduced immediately after completion of the hatchery, and with estimated production of two years, this implies first harvest late 2023.

TIMELINE OF NINGBO BUILDOUT



Project review

STATUS

Step 1 of the project is developing according to plan . No significant changes to either project budget, timeline or development phases have been made during H1 2021 and currently we see no specific challenges causing major changes to budget or timeline going forward.

Groundworks and site preparations for the hatchery and administration building was completed by end of April 2021. Since then, all focus has been on construction start-up for the hatchery facility and RAS 1, 2 and 3, which will also accommodate administration and other support functions. Since construction started in July, the facility is well under way to be completed according to plan by Q4 2021.

The local authorities are responsible for construction of infrastructure and facilities through the lease agreement. Nordic Aqua Partners is very satisfied with the dedicated support shown by local authorities, which have delivered on time and with a committed interest in ensuring steady progress.

Construction of hatchery in Ningbo to be ready for introducing first eggs by Q4 2021

In April, Longyuan Construction Group Co. Ltd., one of the leading construction companies in China, wsas selected main contractor for all infrastructure, utilities, and facilities, and the company is now fully mobilized on site with site offices and dormitory. Longyuan is aligning construction work with the dynamic and complex with ongoing RAS installation work.

AKVA Group, the turnkey supplier of technology, process equipment and subsequent installation and commissioning of the RAS equipment is already mobilized on site. As is their local sub supplier contracted to do the mechanical and electrical installation. AKVA Group and its sub-suppliers share offices with Nordic Aqua Partners project team and meets with the contractor on regular basis.

The first containers with the hatchery and RAS 01 and RAS 02 from AKVA Group have already arrived on site.

Project review

TECHNOLOGY

Nordic Aqua Partners is applying leading RAS technology and knowhow to develop the land-based salmon farming facility. Nordic Aqua Partners is very satisfied with the dedicated support shown by local authorities, which have delivered on time and with a committed interest in ensuring steady progress. Moreover, Nordic Aqua Partners has employed an internal RAS team with extensive experience in successful operation of similar RAS systems.

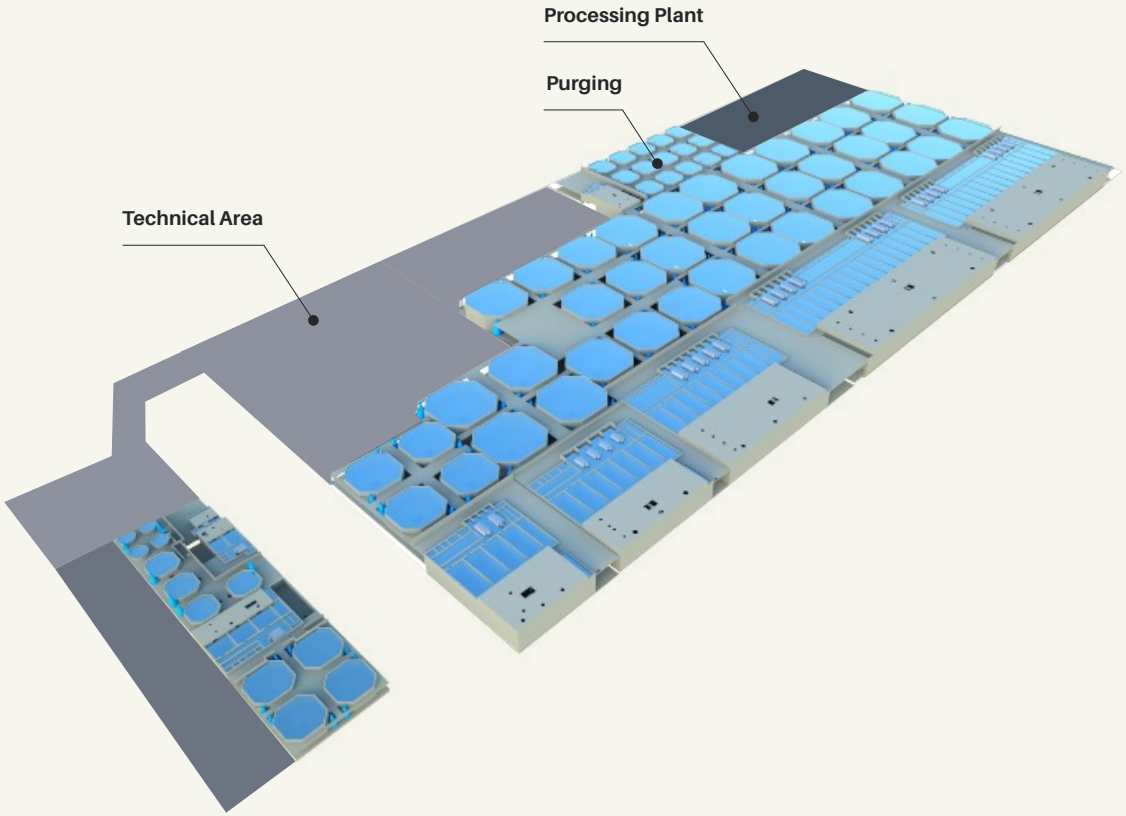
The internal team believes that AKVA Group offers a complete solution where operating cost, user friendliness, maintenance cost and other factors are optimized. The system is a turnkey delivery with flexibility in assembling, allowing the company to utilize its long experience in building RAS facilities.

The first 4,000 tonnes facility is divided into 9 RAS departments, with hatchery and RAS 1-3 in a separate 6,200 m2 smolt building over two floors, which also include offices, service functions, canteen, and accommodation facilities for future expansion. The larger RAS 4-8 units will be located in the larger 29,000 m2 production building, where also the purging unit and processing plant will be located.

The basic idea with the AKVA RAS systems is to clean the water from the fish tanks so it can be reused and maintain an optimal water quality for the salmon. The basic stages in the water cleaning process are:

- mechanical filter to remove particles
- biofilter to remove ammonia and keeping the water clear
- degasser to remove CO2 from the water
- ozone for clearing the water

The water cleaning system is designed with focus to maintaining good water clearance for optmum fish performance. The mechanical filters are well dimensioned and the biofilters are fixed so they are used for cleaning out micro particles. Finally, ozone will be dosed at low levels also for keeping the water clean.



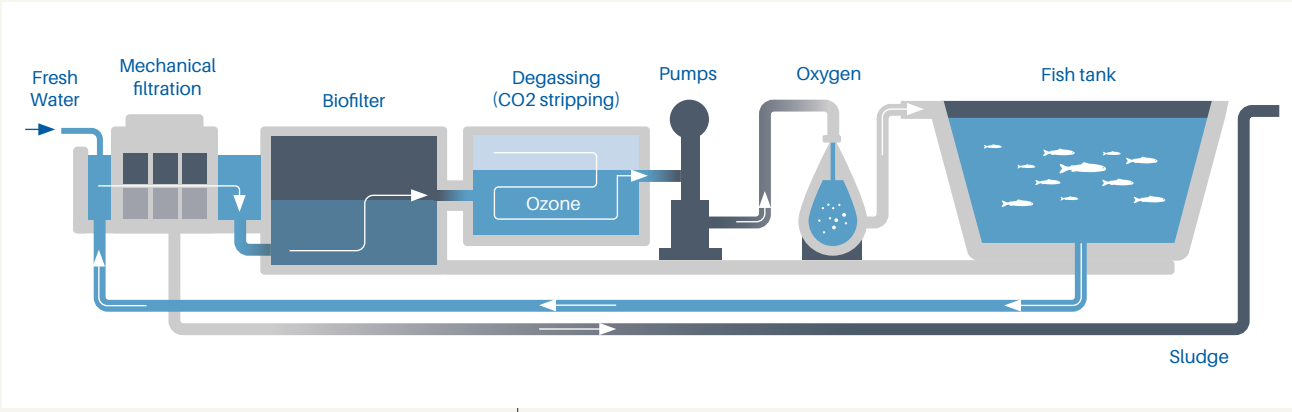
Project review

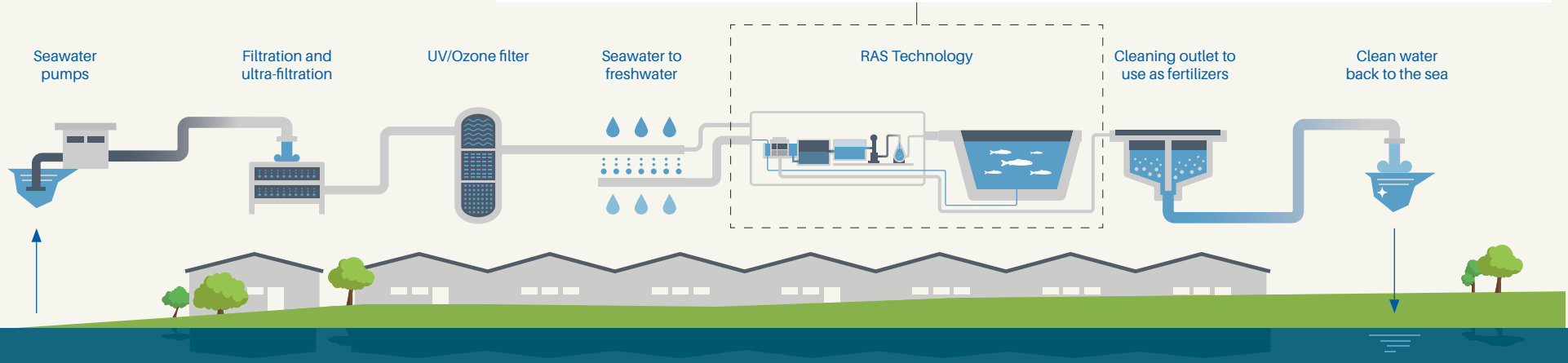
ILLUSTRATION OF TECHNOLOGY

Nordic Aqua Partners will source the water from the ocean right next to the facility in the Gaotang Sound. After several years of monitoring, the company is confident that the raw water is of superior quality for salmon farming. Before entering the fish farm, the raw water will be thoroughly filtered with sand filters and cartridge filter down to 5 microns before it is sterilized with UV/ozone for preventing diseases and parasites to enter the fish farm. Recent RAS history both in Norway and abroad has shown that incidents of fish mortality mostly occur with RAS systems with high saline water, which also is the reason for why Nordic Aqua Partners has chosen to run the systems with low salinity. This is accomplished by producing freshwater from the seawater with reverse osmosis membrane filters. The internal RAS team in Nordic Aqua Partners have decades of experience from operating RAS systems with low salinity, without any major incident of fish loss.

At the outlet of the fish farm and before the water leaves the RAS systems back to the ocean, it is cleaned to very high standards, and the discharged particles are excellent fertilizers for neighbouring agriculture.

The main energy source is the local 400 GW solar and wind power facility. Moreover, the roofing of the fish farm will be covered with solar panels to produce a considerable part of the energy consumption on site.





Project review

MILESTONES

Construction of stage 1 commenced in Q2 2021. This first stage includes a stepwise construction of a 4,000 tonne grow out facility and a smolt facility.

Stage 2 and 3 are expected to bring total annual production to 20,000 tonnes by the end of 2026. The company is leasing land, facilities, and infrastructure from the local government for a fixed price, consequently this is not included in the company's capex budget. Financials for stage 3 has not been formalized, but the company expect this to be on similar terms as for stage 2 resulting in a total project cost of MDKK 1,350 million.

The Ningbo facility will be built out in three stages with a total production capacity of 20,000 tonnes

Key milestones and KPI's (DKKm)	**Stage 1**	**Stage 2**	**Stage 3******	**Total**
Main components	•	•	•	
RAS Capex	370 MDKK	370 MDKK	1,100 MDKK	**1,840 MDKK**
Total project cost*	530 MDKK	500 MDKK	1,350 MDKK	
Equity requirement	448 MDKK			
Secured bank financing**	186 + 34 MDKK			
Annual volume (HOG)	**4,000**	**4,000**	**12,000**	**20,000**
Year steady state	2023	2026	2026-2029	
Capex/kg*** (HOG)	93 DKK/kg	93 DKK/kg	93 DKK/kg	93 DKK/kg
WC/kg (HOG)	37 DKK/kg	27 DKK/kg	23 DKK/kg	23 DKK/kg
EBITDA cost / kg (HOG)	32 DKK/kg	30 DKK/kg	27 DKK/kg	27 DKK/kg
EBIT cost / kg (HOG)	38 DKK/kg	36 DKK/kg	33 DKK/kg	33 DKK/kg

* Excluding lease with local government, including biomass and start-up costs
** Converted with EUR:DKK 745
*** Capex relates to technology equipment, building is leased
**** Not formalized

Project review

PROJECT FINANCIALS

The company leases land, facilities, and infrastructure from the local government for a fixed price on a 20-year term (see funding section for details on lease agreement). Consequently, such costs are not included in the capex overview. This lease agreement further eliminates all risks related to possible cost overruns for such capex, which normally would account for 30-40% of total capex expenditure for similar project.

Capex payments are therefore related to RAS technology only. The contract with AKVA Group is a turnkey delivery contract, which means that the contract amount is fixed all the way to installation, commissioning, and handover of the complete RAS system. Since the IPO, the company has made some marginal capex savings due to a combination of optimalization of design and local sourcing of part of the capex, and all such savings are used to further improve and optimize the design.

Capex overview stage 1

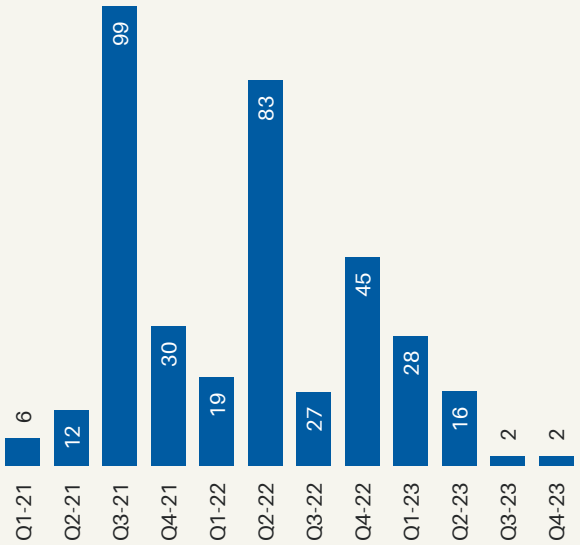
	DKKm
Paid per 30.06.21	**18.5**
Distribution	
Before 2021	6.4
2021	12.1

Remaining payments	**DKKm**
2021	129
2022	173
2023	41

The smolt facility is under construction, which will enable introduction of RAS technology from Q4 2021. Consequently, the company has not made any large capex payments yet. This will however accelerate from Q3 2021 and remain at a high level through 2022.

According to the company's capex plan for stage 1, payments will accelerate quickly from Q3 21 when the company starts to introduce the AKVA Group RAS technology.

Capex plan Ningbo stage 1 (MDKK)



Project review

FUNDING

Total equity raised is DKK 448 million, of which DKK 418 million was raised in a private placement in connection with the company's IPO in Q4 2020.

Prior to the private placement, DKK 31 million of equity capital was invested in the company. The company expects to be fully equity funded to reach a production of 8,000 tonnes, but will need additional equity to scale production further. Timing of a potential equity issue depends on market sentiment and timing of upscaling. Stage 2 of the project is planned financed through a combination of debt and retained earnings from ongoing stage 1 operations.

Loan agreement signed

The Group has entered into a loan agreement with Eksfin – Export Finance Norway*, and Coöperative Rabobank U.A. ("Rabobank") for a senior secured export credit term loan and guarantee facility agreement, amounting to EUR 25 million. The loan amount will be split in 3 drawings based on progress on Capex. The Facility shall be repaid in equal, consecutive quarterly instalments starting of finishing date of the Project, with maturity 10 years after the first drawdown date. Rabobank is the world's largest agriculture bank, with 25-year history in China – and a fully licensed branch in Shanghai.

Banking agreement and working capital facility

The company has an agreement with Bank of Ningbo, Xiangshan Branch, to provide banking services to its operation of the RAS based salmon farm in Ningbo, China. The agreement includes typical banking services for a company in rapid development and is based on a long-term partnership. The agreement also includes a conditional credit facility of MRMB 35 (MDKK 34) which will be used as a typical working capital facility.

Attractive lease with local government

The company has entered into a 20-year lease agreement in which the government of Xiangshan County will provide land area and construction of all infrastructure and buildings for a very attractive fixed monthly rental fee. The landlord is Xiangshan Strait Economic & Technological Cooperation Co., a 100% owned subsidiary of Xiangshan government. The structure of the lease agreement significantly reduces the risk to Nordic Aqua Partners, as any eventual cost overruns on the building side is with the landlord. The payment of rental fee will start January 1st, 2024, which concludes that no rental fee will be charged while the company is building up its biomass preparing for first harvest and sale. The Rental Contract also includes an option to acquire land, infrastructure, and facilities, all at agreed terms.

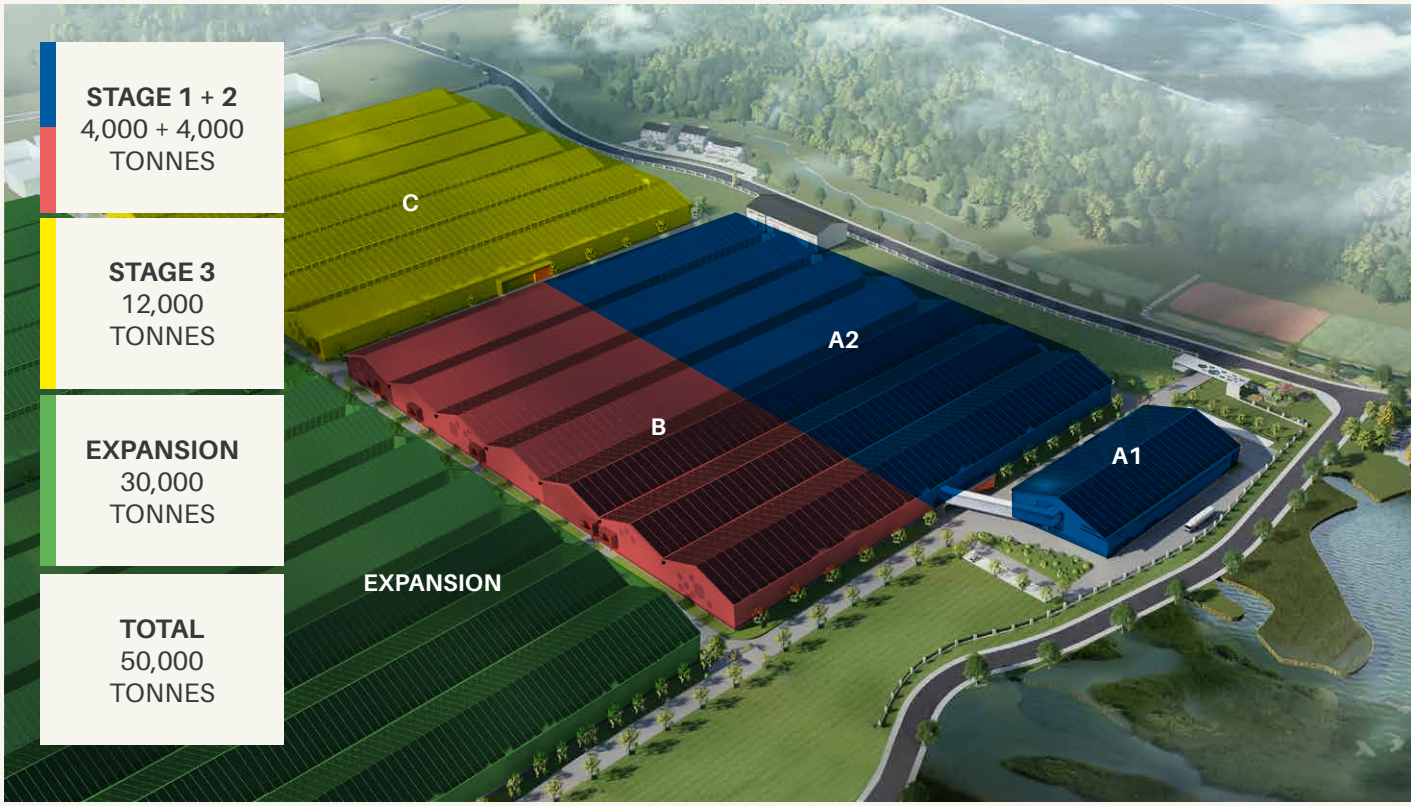
* Former Eksportkreditt Norge AS ("Eksportkreditt"), Garantiinstituttet for Eksportkreditt ("GIEK")

Project review

Overview of lease agreement

Step	M2	Monthly lease DKK/m2	Lease/kg DKK
Stage 1 / A	38,000	24.2	2.8
Stage 2 / B	19,000	24.2	1.4
Business plan	**57,000**	**24.2**	**2.1**

Expansion to reach an annual capacity of 20,000 tonnes is expected to be done at similar lease terms as per the provisions in the Letter of Intent being negotiated between the company and the local government. This Letter of Intent also includes an intent by both parties to expand beyond 20,000 tonnes to reach 50,000 tonnes given certain conditions..



Financial review

SUMMARY OF RESULT (**Figures in DKK 1000**)	**H1 2021**	**H1 2020**	**2020**
Total operating income	**0**	**0**	**0**
Cost of goods sold	0	0	0
Personnel expenses	-3.625	-1.040	-4.111
Other operating expenses	-3.874	-5.509	-14.876
EBITDA	**-7.499**	**-6.549**	**-18.987**
Depreciations	-28	-1	-3
Operating profit (EBIT)	**-7.527**	**-6.551**	**-18.990**
Financial income	2	0	469
Financial expenses	-5.759	-353	-6.986
Net financials	**-5.757**	**-353**	**-6.986**
Profit/loss before tax	-13.283	-6.904	-25.506
Income tax expense	0	0	0
Profit/loss for the period	**-13.283**	**-6.904**	**-25.506**

PROFIT AND LOSS

Personnel expenses for the first half year totalled DKK 3,6 million. The company has hired new personnel since last year which is the primary reason for the increase.

Other operating expenses totalled to DKK 3,9 million during H1 2021 and consisted mainly of consultants and advisors. Financial expenses are related to interest payment on the undrawn loan facility and negative interest on cash.

CASH FLOW

Net cash flow from operating activities was DKK -13 million in the first half year. Net cash flow from investing activities was DKK -35 million during H1 2021. Investments are related to AKVA technology and will gradually increase as construction accelerates.

There was no cash flow from financing activities during H1 2021.
Total net cash flow during H1 2021 was DKK -28 million. Cash and cash equivalents at the end of the period were DKK 374 million.

Cash flow summary

(figures in DKK 1000)	H1 2021	H1 2020	2020
Net cash flow from operating activities	**-7.527**	**-6.551**	**-18.194**
Net cash flow from investments activities	**-34.857**	**0**	**-14.715**
Net cash flow from financing activities	**0**	**19.398**	**-6.002**
Net change in cash and cash equivalents	-27.920	13.479	390.758
Foreign exchange differences	**-2.812**	**-184**	**-420**
Cash and cash equivalents at start of period	**399.588**	**9.250**	**9.250**
Cash and cash equivalents at end of period	**374.480**	**22.545**	**399.588**

FINANCIAL POSITION

The carrying amount of Nordic Aqua Partners' total fixed assets at June 30th, 2021 was DKK 40 million, compared to DKK 5 million at June 30th, 2020. The increase is mainly related to AKVA technology.

Consolidated non-interest-bearing liabilities totalled DKK 24.

Subsequent events

No significant events have been recorded after the balance sheet date.

Transactions with related parties

Transactions with AKVA Group? Whis is a shareholder in the company.

Share information

Per June 30th, 2021, Nordic Aqua Partners had 10,283,984 issued shares, held by 672 shareholders.

Nordic Aqua Partners Holding ApS is the company's largest shareholder with 5,168,922 shares, corresponding to 50.26% of total number of share outstanding. Nordic Aqua Partners Holding ApS is owned by Nutreco, key personnel and others.

On the Annual General Meeting on May 27th, 2021, it was decided that the Board of Directors were authorized to grant and issue warrants to key personnel of up to 5% of the Company's share capital.

The closing price for the company's share was NOK 64,80 per share as per 30 June, which corresponds to a market capitalization of NOK 666 million.

During H1 2021 the average daily, traded volume was about 22,536 shares and the average daily traded value was about NOK 1.76 million.

20 LARGEST SHAREHOLDERS 30 JUNE 2021

Rank	Number of shares held	Ownership percentage	Navn
1	5.168.922	50,26%	NORDIC AQUA PARTNERS HOLDING APS
2	510.086	4,96%	VERDIPAPIRFONDET FIRST GENERATOR
3	300.000	2,92%	KONTRARI AS
4	269.960	2,63%	IMMOB DRIFT AS
5	252.780	2,46%	J.P. Morgan Bank Luxembourg S.A.
6	209.108	2,03%	VERDIPAPIRFONDET NORDEA NORGE VERD
7	187.943	1,83%	The Bank of New York Mellon SA/NV
8	158.757	1,54%	SPAREBANK 1 MARKETS AS
9	157.607	1,53%	VERDIPAPIRFONDET NORDEA AVKASTNING
10	145.145	1,41%	SILVERCOIN INDUSTRIES AS
11	139.876	1,36%	VERDIPAPIRFONDET NORDEA KAPITAL
12	112.451	1,09%	Nordea Bank Abp
13	105.200	1,02%	Apollo Asset Limited
14	100.770	0,98%	SOUTH WINDS AS
15	100.000	0,97%	SN SAMLEREN AS
16	96.000	0,93%	SONSTAD AS
17	94.563	0,92%	CRESSIDA AS
18	92.102	0,90%	VERDIPAPIRFONDET NORDEA NORGE PLUS
19	83.360	0,81%	EQUINOR PENSJON
20	77.447	0,75%	NORDNET LIVSFORSIKRING AS
	8.362.077	**81,31%**	**Total for 20 largest shareholders**
	1.921.907	18,69%	Other 652 shareholders
	10.283.984		**100,00% Total number of shares**

ESG

ENVIRONMENT

- Replacing imported salmon by air freight - lower carbon footprint
- Solar panels will be built on facilities and plan for biogas driven generators
- Desalinated seawater - avoid using finite fresh water

WASTE TREATMENT

- Waste treatment consistent with international standards- above current Norwegian standards
- No production discharge ensures unspoiled local water supply/ground water
- Low-salinity in production – waste useful as fertilizer

ANTI-CORRUPTION

- Zero tolerance for corruption
- Management with individual track record of 20+ years in conducting business in China, without incidents of corruption
- All contracts will be bid for in full transparency

WORKING CONDITION FOR EMPLOYEES

- Employee contracts consistent with or better than Chinese rules
- Will offer extensive employee benefits —insurance for employee and family, career progression plans and incentive bonuses
- Best industry practice HSE requirements

Market development

Nordic Aqua Partners finds it encouraging that prices have rebounded to healthy levels despite high supply growth and demand still heavily impacted by Covid-19 related restrictions. However, as a local farmer of Atlantic salmon to the Chinese market, we are focusing on the domestic market and how that is expected to develop.

China is by far the largest consumer and producer of seafood in the world, and according to OECD China is expected to account for 51% of global consumption growth over the next 8 years. Atlantic salmon is still relatively new to the Chinese consumers, resulting in a modest relative consumption of ~100,000 tons in 2020/2021. However, Kontali expects consumption to grow with a CAGR of 15% over the next 5 years, reaching 250,000 tonnes by 2025. A key demand driver are familiarization of salmon as a healthy source of protein in the normal Chinese household. Today, all Atlantic salmon is imported, mostly by air, resulting in fresh salmon being 4 days old when introduced to the market, and with a high carbon footprint.

The company's view is that the Covid pandemic has also significantly impacted the import of food to China in general, and fresh seafood in particular, both with respect to import restrictions, regularity, freshness, and freight cost. Although such negative impacts may change, there is a common consensus that this led Chinse consumers to become more in favor of locally produced seafood, certainly under the conditions that freshness, quality, and food safety can be guaranteed.

The HoReCa part of the Chinese market is on its way to full recovery after being seriously affected by the Covid 19 pandemic. However, the fastest growing market is the online shopping market based on home deliveries of fresh food within 1 hour after ordering, and this is also the case for fresh seafood, including salmon. Nordic Aqua Partners will be able to offer sustainable and locally farmed fresh salmon on a 24/7 flexible delivery plan, with full traceability from egg to fully grown salmon, thus guaranteeing quality, food safety and freshness.

China do not publish official wholesale importer prices for salmon, and it is therefore difficult to obtain price data of the local salmon price However, the cost of airfreight, customs duty, customs clarence and other costs the importer face to get airborne salmon into adequate storage is estimated to be between DKK 20 to DKK 25 (NOK 28 to NOK 35) per kilo. Adding that to the current Fishpool 2022 forward salmon price of ~DKK 44/kg (NOK 62/kg) gives a local salmon price of DKK 65-68/kg (NOK 90-95/kg). This correspond well with current prices, which management observes to be varying from DKK 70-75/kg (NOK 98-105/kg) based on various market sources.

It is the company's view that a locally produced salmon could achieve a premium pricing on top of the cost advantage, when considering freshness and 24/7 delivery capacity which eliminates importer risk of having to place spot orders ahead of sales being secured.

Outlook

At listing in Q4 2020, Nordic Aqua Partners secured equity funding for expansion up to 8,000t tonnes. Since the, site preparations have been completed, and construction of the smolt facility for Stage 1 has started. As land, infrastructure, and buildings are leased from the local government in China, they are currently responsible for the work being conducted on the site. The work has been on time and budget, and the company is on route to introduce first eggs in Q4 2021. Production cycle is estimated to two years, which means the company is on time for first harvest in Q4 2023.

By the end of the first half year 2021, the organisation counts 15 employees. The company continues to recruit both foreign and local expertise, management and staff to fill the many positions needed to meet our ambitious expansion and development plans.

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Risks and uncertainties

Land-based salmon farming is a new industry with relatively unproven production methods and technology. Operations will be subject to several biological risks, including water contamination, viruses and bacteria, which could cause diseases and mortality.

As the project is in the development phase, there are many inherent risks, such as successful project execution and dependence on sub-contractors. Over the next six months, the project will enter a construction intensive period. This comes with risk of delays and cost overruns, which could negatively impact the company's ability to realize its business plan.

The Group is exposed to interest rate risk and exchange rate risk. Interest rate risk is mitigated through having fixed interest rate in the loan agreement. Exchange rate risk is mitigated as both cash and the loan facility are primarily held in EUR to match the coming EUR Capex-payments.

The Group continuously monitors liquidity and financial projections through internal budgets, with forecasts updated both yearly and monthly. The Group's business plan and growth ambitions are capital intensive, and based on estimates, the Group may need future equity and/or debt financing to realize its plans. A delay in the completion of construction of the plant currently under construction may influence on the company's operational plan and full schedule of production, thereby impacting the Group`s business, liquidity and result of operation.

Other future liquidity risks include impacts from fluctuations in production and harvest volumes, biological issues, salmon price in China and changes in feed prices. Salmon prices has a history of being subject to substantial fluctuations.

Responsibility Statement

From the Board of Directors and CEO of Nordic Aqua Partners A/S

We confirm, to the best of our knowledge, that the condensed set of financial statements for the period 1 January to 30 June 2021 has been prepared in accordance with IAS 34 – Interim Financial Reporting, and gives a true and fair view of the (Company's and) group's assets, liabilities, financial position and profit or loss as a whole. We also confirm, to the best of our knowledge, that the interim management report includes a fair review of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, a description of the principal risks and uncertainties for the remaining six months of the financial year, and major related parties' transactions.

Copenhagen, August 19th, 2021

Ragnar Joensen
Chairman

Knut Nesse
Board Member

Jan Petersen
Board Member

Knut Langteig
Board Member

Ove Nodland
Board Member

Ole Juul Jørgensen
CEO

NORDIC AQUA PARTNERS

Interim Financial Statements

Interim Financial Statements

Consolidated Statement of Comprehensive Income

SUMMARY OF RESULT (Figures in DKK 1000)	H1 2021	H1 2020	2020
Total operating income	0	0	0
Personnel expenses	-3,625	-1,040	-4,111
Other external expenses	3,874	-5,509	-14,876
Depreciations	-28	-1	-3
Operating profit (EBIT)	**-7,527**	**-6,551**	**-18,990**
Financial income	2	0	469
Financial expenses	-5,759	-353	-6,986
Financial expense - net	**-5,757**	**-353**	**-6,517**
Profit/loss before tax	-13,283	-6,904	-25,507
Income tax expense	0	0	0
Profit/loss for the period	**-13,283**	**-6,904**	**-25,507**
Other comprehensive income			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):			
Exchange differences on translation of foreign operations	**3,634**	**-212**	**-420**
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**3,634**	**-212**	**-420**
Adjustments to prior period	**-415**	**0**	**0**
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	**-415**	**0**	**0**
Other comprehensive income	**3,218**	**-212**	**-420**
Total other comprehensive income for the period	**-10,065**	**-7,116**	**-25,927**
Earnings per share			
Basic	-1.29	-4.89	-8.70
Diluted	-1.29	-3.69	-8.70

Interim Financial Statements

Statements of financial position

(Figures in DKK 1000)	30 June 2021	30 June 2020	31 Dec 2020
Assets			
Intangible assets	0	0	0
Assets under construction	0	0	0
Property, plant & equipment	40,263	5	5,434
Deposits	9,690	0	9,684
Total non-current assets	**49,953**	**5**	**14,718**
Other current receivables	2,247	552	628
Cash and cash equivalents	374,480	22,545	399,588
Total current assets	**376,727**	**23,097**	**400,216**
Total assets	**426,680**	**23,101**	**414,934**
Equity and liabilities			
Share capital	10,284	2,211	10,284
Other equity	392,610	6,704	402,675
Other capital reserve	0	516	0
Total equity	**402,894**	**9,431**	**412,959**
Long-term interest-bearing debt	0	0	0
Lease liabilities - long term	0	0	0
Total non-current liabilities	**0**	**0**	**0**
Short-term interest-bearing debt	0	11,926	0
Trade payables	22,134	1,530	87
Other current liabilities	1,652	214	1,888
Total current liabilities	**23,786**	**13,670**	**1,975**
Total liabilities	**23,786**	**13,670**	**1,975**
Total equity and liabilities	**426,680**	**23,101**	**414,934**

Interim Financial Statements

Statement of cash flow

(Figures in DKK 1000)	H1 2021	H1 2020	2020
Cash flow from operations			
Operating profit/loss	-7,527	-6,551	-18,990
Adjustments for:			
Depreciation	28	1	3
Changes in working capital:			
Change in other current receivables	-1,619	-385	-462
Change in trade payables	21,812	1,025	1,255
Cash generated from operations	**12,693**	**-5,910**	**18,194**
Interest paid	-5,759	-9	-6,471
Interest received	2	0	469
Net cash flow from operations	**6,937**	**5,919**	**-24,196**
Cash flow from investment activities			
Payments for fixed assets and other capitalizations	-34,857		-5,431
Payments for intangible assets			-9,284
Net cash flow from investment activities	**-34,857**	**0**	**-14,715**
Cash flow from financing activities			
Proceeds from capital increase		7,675	448,486
Transaction cost of issue of shares		-346	-18,817
Proceeds from new borrowings		12,069	
Net cash flow from financing activities	**0**	**19,398**	**429,669**
Net change in cash and cash equivalents	-27,920	13,479	390,758
Foreign exchange differences	-2,812	-184	-420
Cash and cash equivalents at the beginning of the period	399,588	9,250	9,250
Cash and cash equivalents at the end of the period	**374,480**	**22,545**	**399,588**

Interim Financial Statements

Statement of Changes in Equity

kDKK	Share capital	Premium reserve	Currency translation diffences	Retained earnings	Total Equity
Equity January 1th 2021	10,284	421,339	-282	-18,382	**412,959**
Net profit/(loss) for the period				-13,283	**-13,283**
Exchange adjustments			3,634		**3,634**
Other comprehensive income				-415	**-415**
Total comprehensive income				-13,698	**-10.064**
Balance June 30th 2021	**10,284**	**421,339**	**3,352**	**-32,080**	**402,894**

kDKK	Share capital	Premium reserve	Retained earnings	Translation reserve	Other capital reserve	Total Equity
Equity at January 1th 2021	195		8,369			8,702
Net profit/(loss) for the period			-6,904			-6,904
Other comprehensive income			-27			-212
Total comprehensive income			**-6,931**	**-185**	**0**	**-7,116**
Conversion of shares	1,759		-1,759			0
Capital increase	257	7,417				7,674
Transaction costs			-345			-345
Compound financial instrument					516	516
Balance June 30th 2020	**2,211**	**7,417**	**-666**	**-47**	**516**	**9,431**

Selected notes to the quarterly financial statements

NOTE 1 STATEMENT OF COMPLIANCE

This Condensed Consolidated Interim Report has been prepared in accordance with International Financial Reporting Standards (IFRS) IAS 34 Interim Financial Reporting as adopted by the EU. It does not include all the information required for the full Annual and Consolidated Report and Accounts and should be read in conjunction with the Annual and Consolidated Report and Accounts for the Group as of 31 December 2020.

This interim report has not been subject to any external audit.

The consolidated financial statements are presented in thousand Danish kroner (kDKK) which is the functional currency of Nordic Aqua Partners A/S.

The Group's general accounting policies are described below.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group in this Condensed Consolidated Interim Report are the same as those applied in the Annual Report as at and for the year ended 31 December 2020, to which we refer for a full understanding on applied accounting policies. Accounting policies, application of estimates, methods of compilation and presentation are unchanged as compared to the last financial statements.

NOTE 3 PROPERTY, PLANT, AND EQUIPMENT

kDKK	Other plant, fixtures and operating equipment	in progress Construction	Total
Cost at 1 January 2021	28	5,101	5,129
Exchange rate adjustment	0	9	9
Additions	626	13,885	35,158
Cost at 30 June 2021	**46**	**39,670**	**40,295**
Depreciation and impairment at 1 January 2021	-5	0	-5
Depreciation for the year	-28	0	-28
Depreciation and impairment at 30 June 2021	**-33**	**0**	**-33**
Carrying amount at June 30th, 2021	**593**	**39,670**	**40,263**

Selected notes to the quarterly financial statements

NOTE 4 INTEREST-BEARING LOANS AND BORROWINGS

The Group has entered into a loan agreement with Eksfin – Export Finance Norway*, and Coöperative Rabobank U.A. ("Rabobank") for a senior secured export credit term loan and guarantee facility agreement, amounting to EUR 25 million. Loan amount will be split in 3 drawings based on progress on Capex. The Facility shall be repaid in equal, consecutive quarterly instalments starting of finishing date of the Project and the facility matures 10 years after the first drawdown date. First drawing is planned to take place in 2023.

Cash and loan facility is primarily held in EUR to match the coming Capex-payments. Loan facility is based on fixed interest rate.

kDKK	30 June 2021	31 Dec. 2010	30 June 2020
Credit facility	185,905	185,983	0
Undrawn credit facility	-185,905	-185,983	0
Total financial liabilities	**0**	**0**	**0**
Included in the balance sheet:			
Non-current liabilities	0	0	0
Current liabilities	0	0	0
Total bank loans	**0**	**0**	**0**

* Former Eksportkreditt Norge AS ("Eksportkreditt"), Garantiinstituttet for Eksportkreditt ("GIEK")

NOTE 5 FINANCIAL RISKS AND FINANCIAL INSTRUMENTS

Capital management

The Group's Management assesses whether the Group's capital structure is in line with the interests of the Group and its shareholders. The overall objective is to ensure a capital structure that supports long-term profitable growth.

On June 30th 2020, the Group has no interest-bearing debt net, but has entered into agreement with Xiangshan Strait Economic & Technological Cooperation Co., Ltd, on lease of land, infrastructure, utilities and all facilities.

Furthermore, the Group has entered into a loan agreement with Eksfin – Export Finance Norway*, and Coöperative Rabobank U.A. ("Rabobank") for a senior secured export credit term loan and guarantee facility agreement, amounting to EUR 25 million.

Following this further to the private placement which took place in 2020, the financial facilities in the Group is considered sufficient to run the business for the coming years.

The Group has entered into a lease agreement with Xiangshan Strait Economic & Technological Cooperation Co., Ltd,

Liquidity risk

The purpose of the Group's cash management policy is to maintain adequate cash resources to meet financial liabilities. The Group's cash resources consist of cash and cash equivalents, and undrawn credit facilities. The Group continuously monitors the cash flows in order to manage the liquidity risk.

The Group has cash of MDKK 374 and undrawn bank loan facility of MDKK 186 as of June 30th 2020

The following table reflects all contractually fixed pay-offs for settlement, repayments and interests resulting from recognised financial liabilities.

Selected notes to the quarterly financial statements

Maturity of the Group's financial liabilities:

kDKK	Less than 1 year	Between 1-5 years	More than 5 years	Total
Trade payables	22,134	0	0	22,134
Other payables	1,652	0	0	1,652
Total	**23,786**	**0**	**0**	**23,786**

Foreign exchange risk

The Group is only insignificantly affected by exchange rate fluctuations. The Group has in all material aspects only transactions in EUR, DKK and RMB. Present there is insignificant currency risk exposure, hence that the turnkey contract, cash and undrawn loan is in EUR

Interest rate risk

Interest rate risks refer to the influence of changes in market interest rates on future cash flows concerning the Group's interest-bearing assets and liabilities.

The Group's interest rate rights relate to interest on external loans and is deemed insignificant.

Categories of financial assets and liabilities

The fair value of financial assets and liabilities does not differ significantly from the carrying amount.

kDKK	30 June 2021	30 June 2020	31 Dec. 2020
Financial assets measured at amortised cost:			
Other receivables	2.247	552	628
Cash and cash equivalents	347,480	22.545	399.588
Total cash and cash equivalents	**376.727**	**23.097**	**400.216**
Financial liabilities measured at amortised cost:			
Short-term interest-bearing debt	0	11.926	0
Trade payables	22.134	1.530	87
Other payables	1.652	214	1.888
Total financial liabilities	**23.786**	**13.671**	**1.975**

NOTE 6 CONTINGENT LIABILITIES AND SECURITY FOR DEBT

Security for debt

As of June 30th, 2021, no assets have been pledged.

Assets in property, plant and equipment will be pledged as security for bank loan facility.

Nordic Aqua (Ningbo) Co., Ltd. has entered into an agreement with Xiangshan Strait Economic & Technological Cooperation Co., Ltd, in which they will provide land, infrastructure, utilities and all facilities on a 10 + 10 years' lease, with a contracted option for the Group to purchase land, infrastructure, utilities and all facilities during the lease term. The annual lease amounts to 9,8 mDKK for Stage 1.

Selected notes to the quarterly financial statements

NOTE 7 RELATED PARTIES

Transactions with related parties

A company where the Chairman of the Board has significant influence has received advising fee for assistance to the Company kDKK 825 in H1 2021 (2020 H1: kDKK 825).

A company where the Chief Financial Officer has significant influence has received advising fee for assistance to the company kDKK 157 in H1 2021 (2020 H1: kDKK 0).

There were no further transactions with the Board of Directors or the Executive Board, besides remuneration. For information on remuneration, please refer to the Annual report for 2020.

Parent Company Details

Parent Company

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6760 Ribe
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Business Registration No.:
38 18 30 01

Registered office:
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Organisation number
+298 221222

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Web:
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Board of Directors

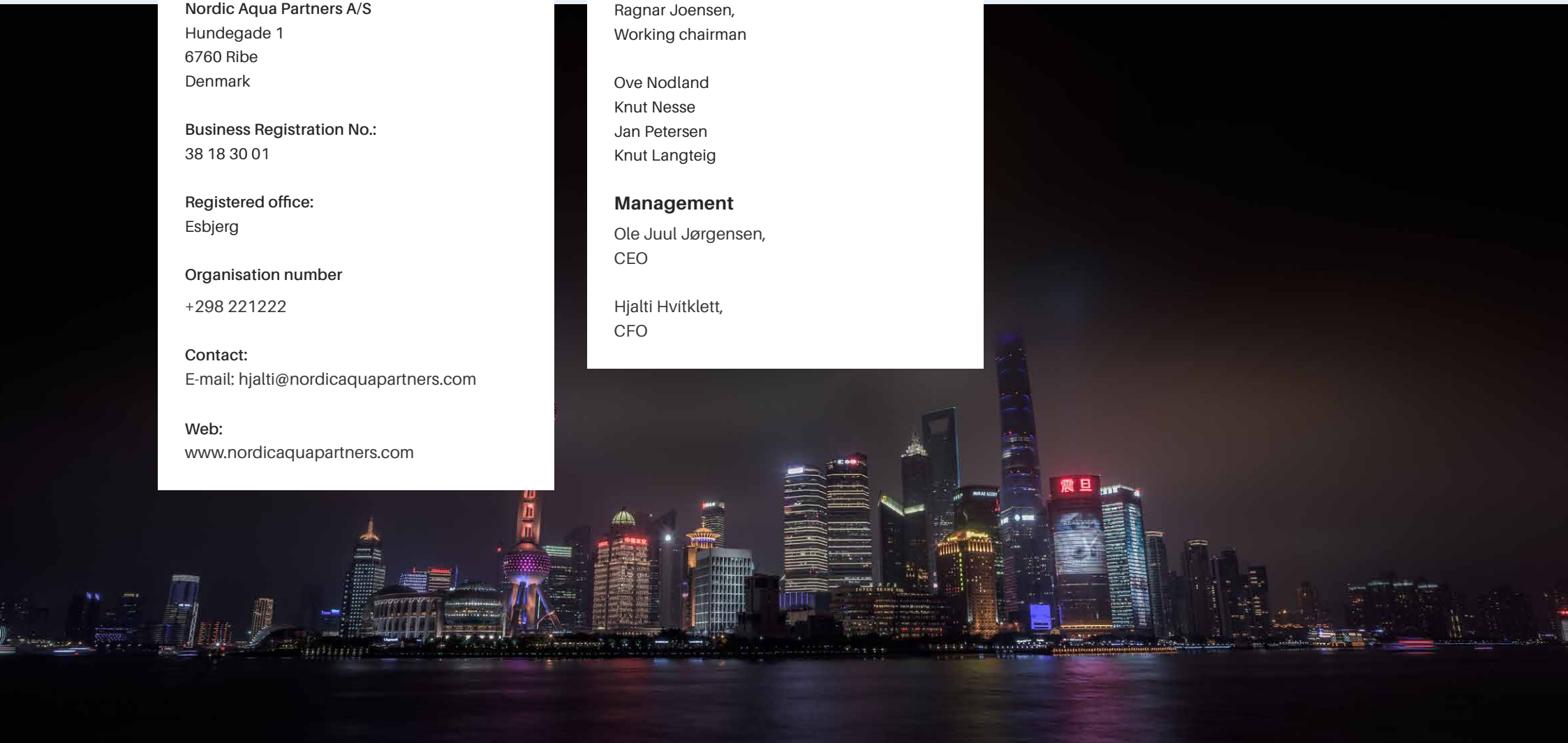
Ragnar Joensen,
Working chairman

Ove Nodland
Knut Nesse
Jan Petersen
Knut Langteig

Management

Ole Juul Jørgensen,
CEO

Hjalti Hvítklett,
CFO



NORDIC AQUA PARTNERS

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