



Q2 2022

REPORT

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



Contents

Management's Review

World's 1 st producer of fresh salmon in China	3
Pipeline with attractive upside	4
Highlights in the first half year	5
Key figures	6
Targeting 20,000 tonnes in 2027	7
Project review	10
Financial review	21
Subsequent events	23
Transactions with related parties	24
Share information	25
Market development	26
Outlook	28
Risks and uncertainties	29
Responsibility Statement	30

Interim Financial Statements

Consolidated statement of comprehensive Income	32
Statements of financial position	33
Statement of cash flow	34
Statement of changes in equity	35
Selected notes to the quarterly financial statements	36
Parent company details	40

Nordic Aqua Partners A/S

Hundegade 1, 6760 Ribe, Denmark
Business Registration No. 38 18 30 01

World's 1st producer of fresh Atlantic salmon in China



Nordic Aqua Partners is a Nordic land-based Atlantic 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 Atlantic 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 to 1.4 billion consumers within 24 hours.

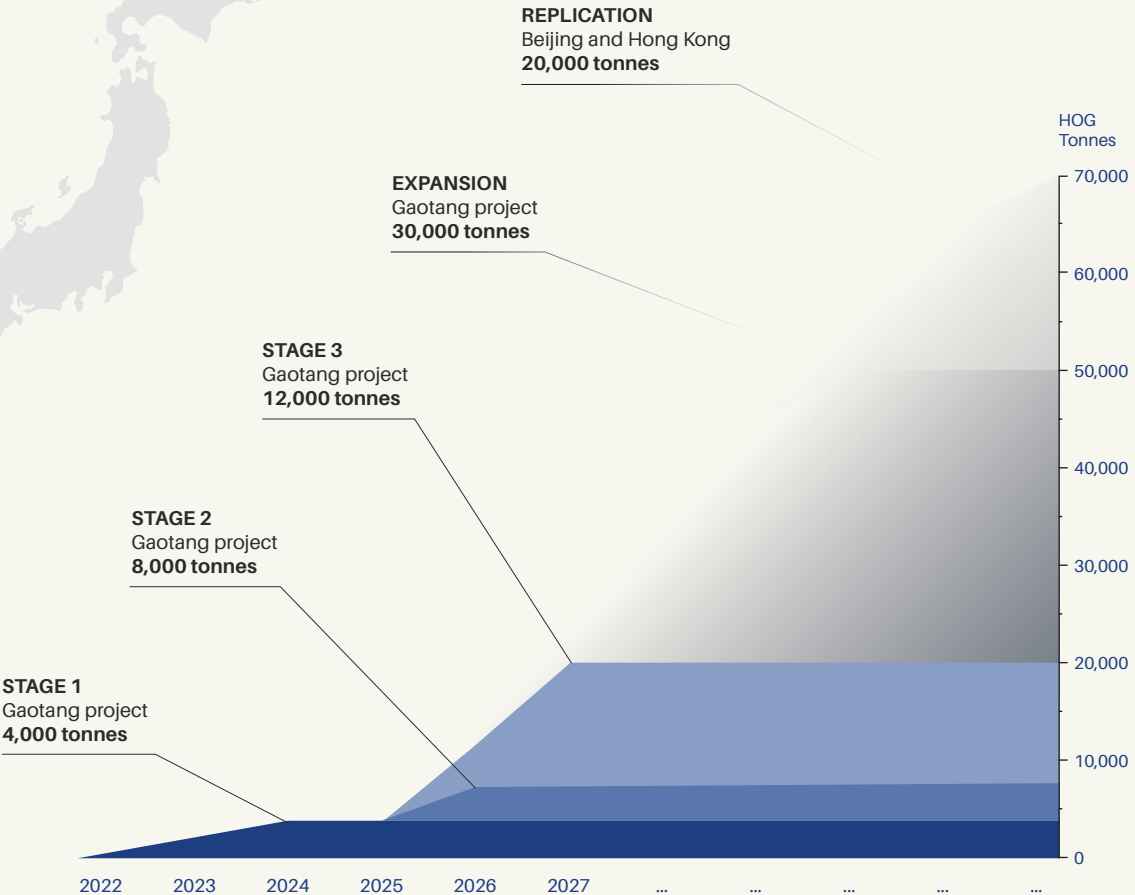
- Stage 1 under construction with 4,000 tonnes from 2024
- Fully funded to reach 4,000 tonnes, equity in place to reach 8,000 tonnes
- Existing plan for 20,000 tonnes and an ambition to reach 50,000 tonnes, including replications on other locations
- Uniquely located in greater Shanghai, with access to +100 million customers within 5 hours by car
- World class RAS team providing the best land-based Atlantic salmon farming experience and know-how and a management team with long experience from building businesses in China
- Dedicated support from local authorities and leading industry players

Pipeline with attractive upside

OPPORTUNITIES TO REPLICATE THE PROJECT



ILLUSTRATIVE PRODUCTION PROFILE



Highlights in Q2 2022

- Project on time and on budget, fixed capex on RAS contract, and fixed lease agreement for all infrastructure, utilities and facilities
- Installation of RAS 02 completed, fish transferred from RAS 01 to RAS 02 in July
- 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 30.6.2022, including cash and undrawn credit facilities



Key figures



(figures in DKK 1000)	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

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 Atlantic salmon farm in Ningbo, the first of its kind in China, with an initial annual capacity of 4,000 tonnes. The company can expand up to 20,000 tonnes annual production on existing land, and have initiated the planning for such expansion. Underlying the company's targeted production volume is an assumption of 127 kg (lwe) per m³ tank capacity.

Initial annual
capacity

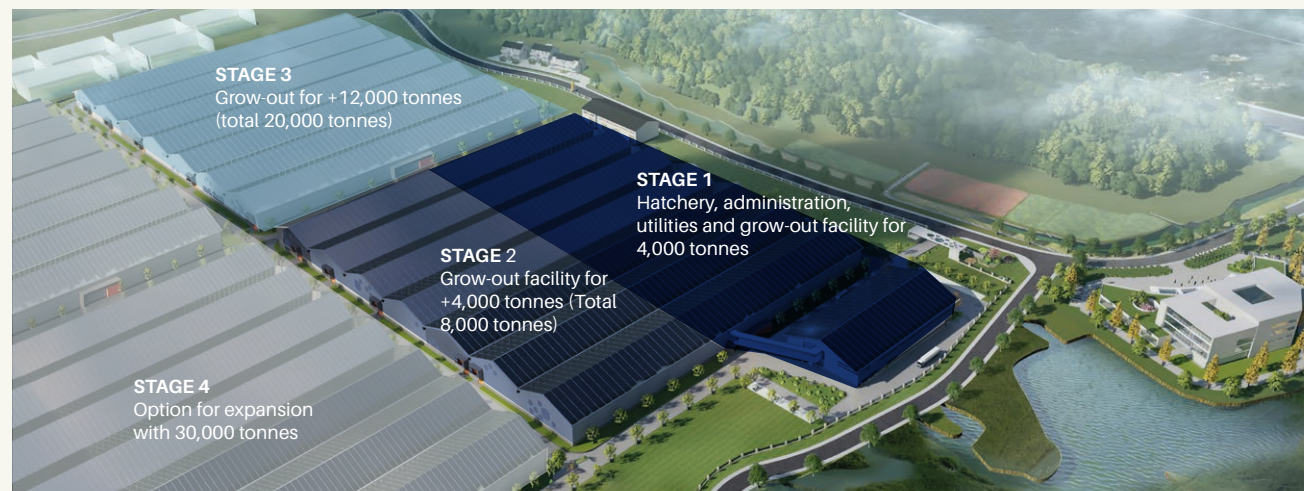
4,000

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 utilities and facilities. The lease agreement is for an initial 8,000 tonnes. Initial discussions with the local government on principle terms and conditions to expand the annual capacity to reach 20,000 tonnes on current location and contracted land area are in process.

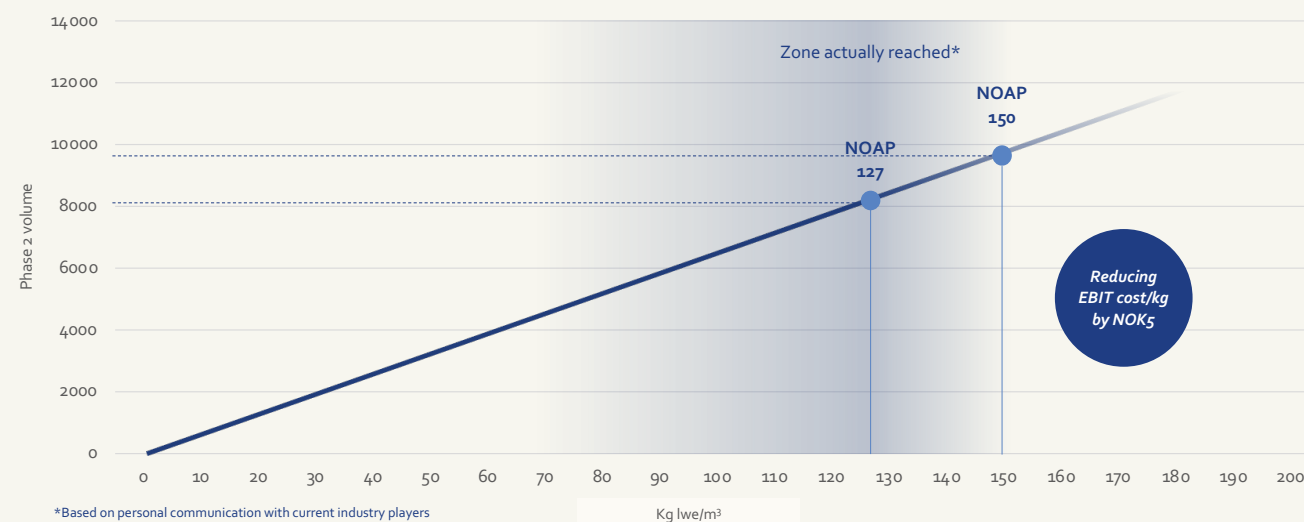
The overall objective is to start actual construction of such expansion within 2023, and therefore to gradually increase annual capacity to reach 20,000 tonnes capacity by end 2027.

ROADMAP TO 20,000 TONNES AND BEYOND ON GAOTANG ISLAND



ASSUMED PRODUCTION CAPACITY

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



Based on the company's discussion with other land-based salmon producers, the achieved annual production capacity per tank volume is 100 - 135 kg (lwe) per m³. In the company's facility in China the assumed production capacity is 127 kg (lwe)/m³, which is within the range actually achieved by land-based salmon farmers today. If the farmers in Gaoting is able to increase output from 127 kg/m³ to 150 kg/m³, the total capacity of stage 2 would increase from 8,000 tonnes to 10,000 tonnes per year.

Following completion of the equity financing in Q4 2020, construction commenced in Q2 2021. Infrastructure and building of the administration and the hatchery facility were completed in February 2022.

Eggs were introduced immediately after completion of the hatchery, and with estimated production of two years, this implies first harvest early 2024.

Stage 1 is 4,000 tonnes and with stage 2 and 3 the annual production increases to 20,000 tonnes

TIMELINE OF GAOTANG BUILDOUT

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Stage 1 4,000 tonnes		Q3 Construction start	Q1 First eggs in hatchery		Q1 First harvest and steady state 4,000 tonnes harvest					
Stage 1+2 8,000 tonnes				Q4 Construction start	Q2 Eggs for Stage 2		Q2 First harvest and steady state 8,000 tonnes harvest			
Stage 1+2+3 20,000 tonnes				Q4 Construction start	Q2 Eggs for Stage 3		Q2 First harvest and steady state 20,000 tonnes harvest			

Project review



STATUS

Stage 1 of the project continues to develop on time and within budget. Since completion of the building for administration, hatchery facility and RAS 1, 2 and 3 ("the small building") in late 2021, focus has been on installation and commission of the actual process equipment.

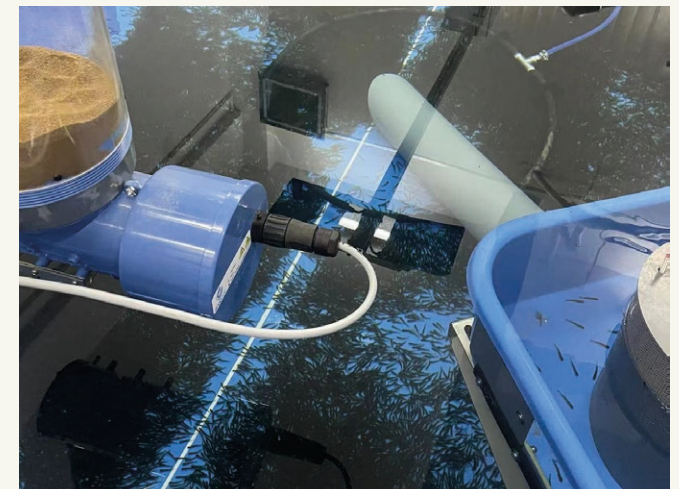
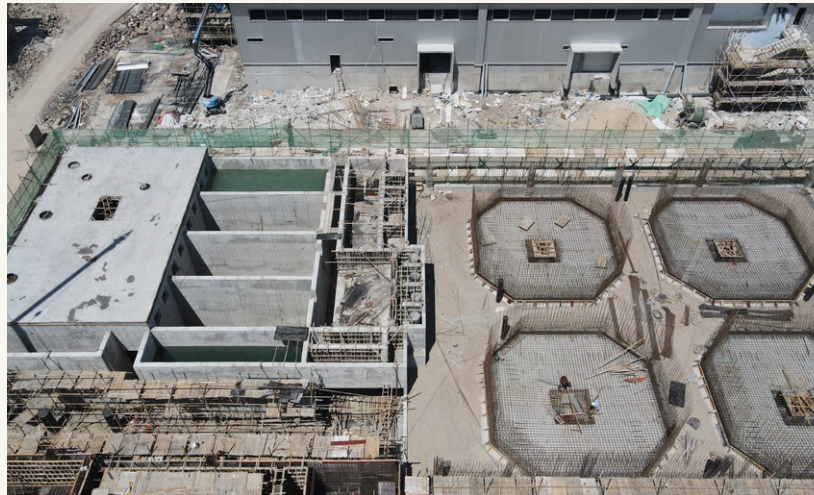


Project execution has been excellent. The Hatchery was completed on time for the first inlay of eggs in the first part of March, and RAS 1 was completed and commissioned on schedule, and fish was moved into RAS 01 in May. Installation of RAS 02 was completed in July as planned, and the fish was moved from RAS 01 to RAS 02 in July according to schedule. The fish will be further moved to RAS 03 in October. At the end of August, Batch 2 will be introduced to RAS 01. Biological performance has so far been strong, and both mortality and growth has been at better levels than budgeted.

Simultaneous with the construction of Stage 1, all underground piping, filter basins and concrete tanks for RAS 11, 12 and 13 [first three RAS systems for Stage 2] was completed in June, ready for installation of the RAS process equipment in due course.

The Covid-19 situation in China and the war in Ukraine has fortunately not impacted progress significantly. All equipment necessary for construction the coming 12 months is already on site, and the company has consequently not been impacted by logistical challenges. There has been no major Covid-19 outbreak at the construction site, allowing construction to progress as planned.

Installation of RAS 2 is completed, and installation of RAS 3 will be completed in October



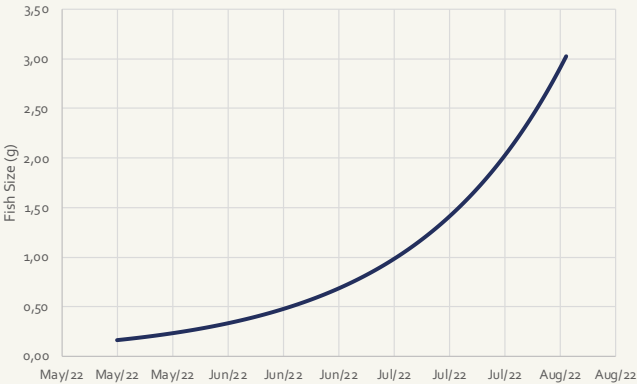
Construction of the large building, housing RAS 4-8, purging and processing plant, has also commenced. All piling and foundation work is now completed, and construction of filter basins and fish tanks, as well as underground piping for RAS 04 and 05 preparation work for installation of RAS 04 has started.

The local authorities are responsible for the construction of infrastructure and facilities through the lease agreement. In April 2021, Longyuan Construction Group Co. Ltd., one of the leading construction companies in China, was selected main contractor for all infrastructure, utilities, and facilities. Longyuan is aligning construction work with the dynamic and complex ongoing RAS installation work. 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.

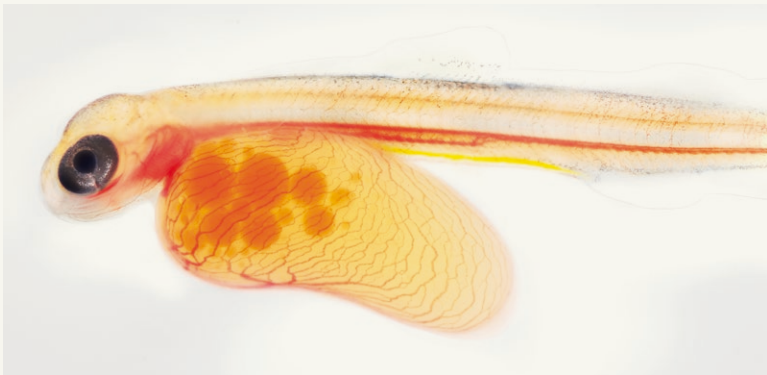
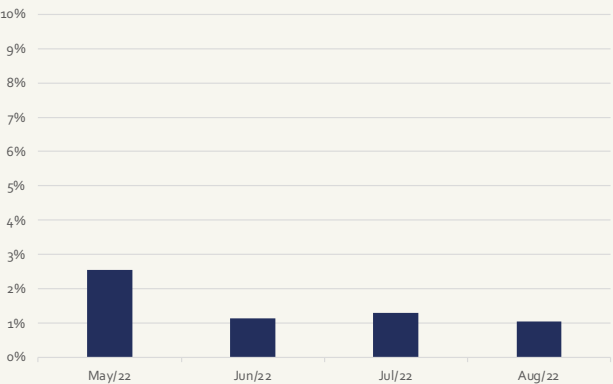
Good biology so far, growth and survival better than expected



FISH GROWTH
BATCH 1



MORTALITY
BATCH 1



AKVA Group, the turnkey supplier of technology, process equipment and subsequent installation and commissioning of the RAS equipment mobilized on site during the fall of 2021. Their local sub supplier contracted to do the mechanical and electrical installation arrived at site during the same time. AKVA Group and its sub-suppliers share offices with Nordic Aqua Partners project team and meets with the contractor on regular basis.

On March 9th 2022 the company successfully completed first inlay of eggs to the hatchery. With this, the company entered the next phase, moving from project phase to early phase production. The eggs used

in the hatchery are quality eggs produced by Benchmark Genetics Iceland and have been imported in accordance with the import license issued to the company by local authorities. The company has laid in two groups of eggs and the third inlay will be in September 2022.

As the company is now entering the production phase, the senior RAS team is well into the process of strengthening the farming competence and capacity by recruiting and training additional local farming operators. The organization is now accounting 34 employees.

On March 9th 2022 the company successfully completed first inlay of eggs to the hatchery.

TIMELINE

2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3
Hatchery	RAS 1	RAS 3	RAS 4	RAS 5	RAS 6	RAS 8
	RAS 2				RAS 7	RAS 9

TECHNOLOGY

Nordic Aqua Partners is applying leading RAS technology and knowhow to develop the land-based Atlantic 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. More-over, Nordic Aqua Partners has employed an internal RAS team with extensive experience in successful operation of similar RAS systems.

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. This facility also accommodate RAS 11-13, being RAS 1-3 for Phase 2 of the project. 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 Atlantic 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 optimum 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.

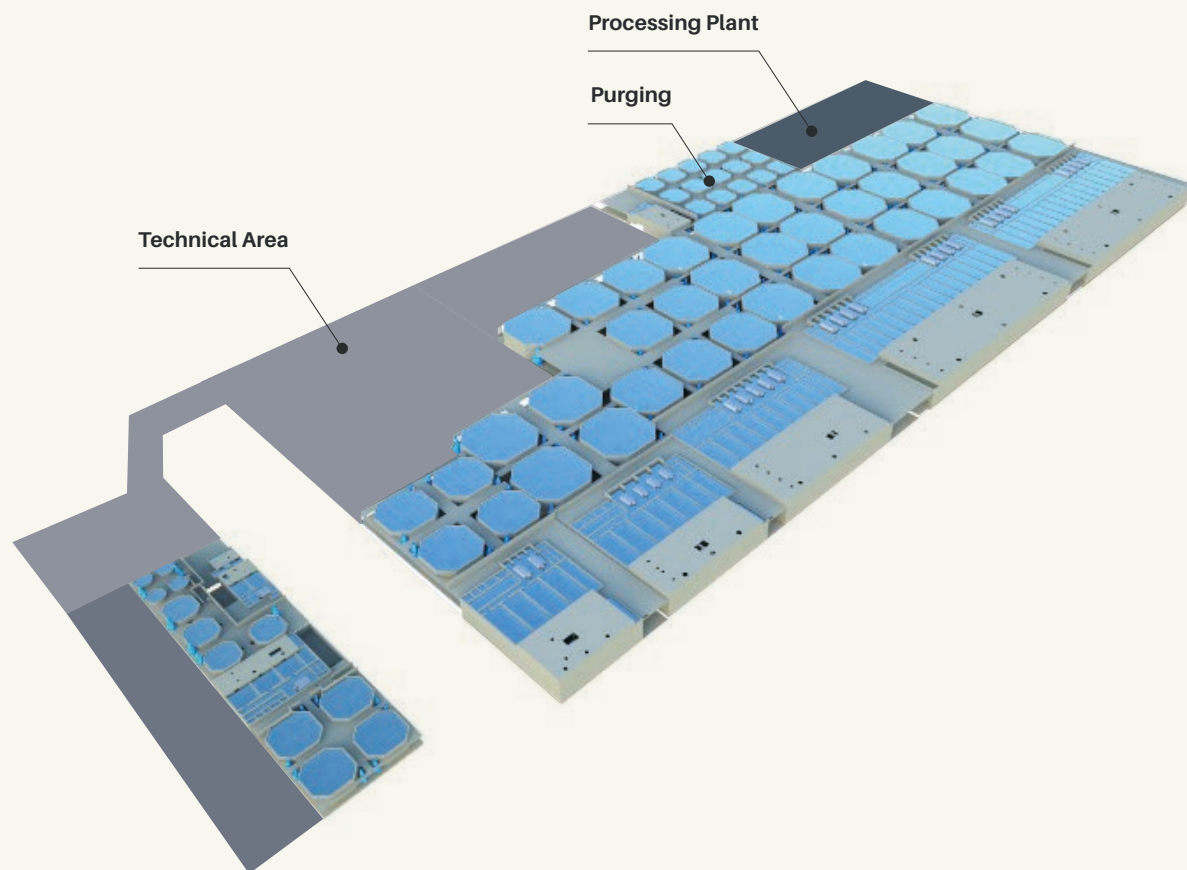


ILLUSTRATION OF TECHNOLOGY

Nordic Aqua Partners will source the water from the ocean right next to the facility in the Gaotang Sound. After several years of monitoring and testing, 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

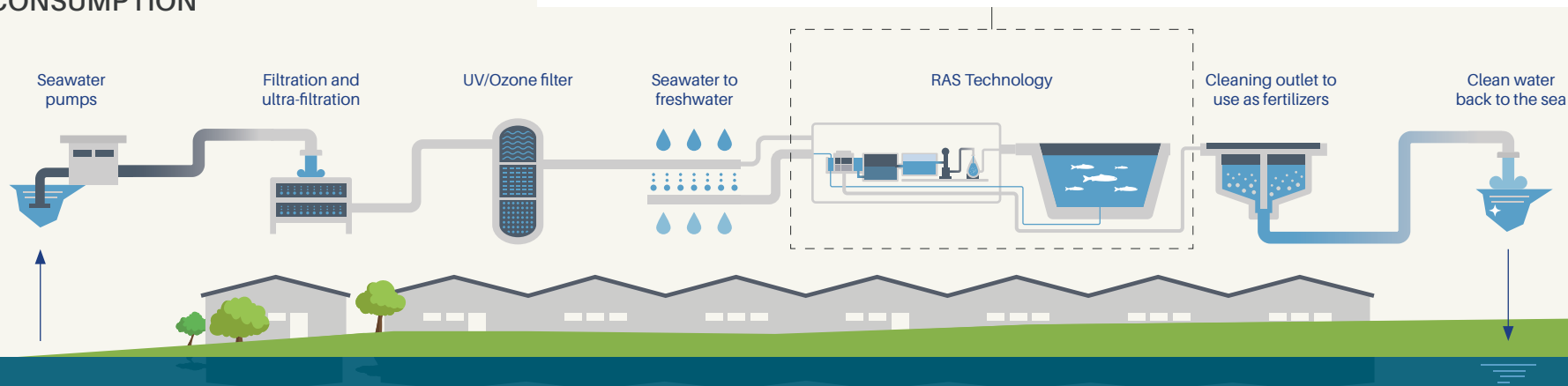
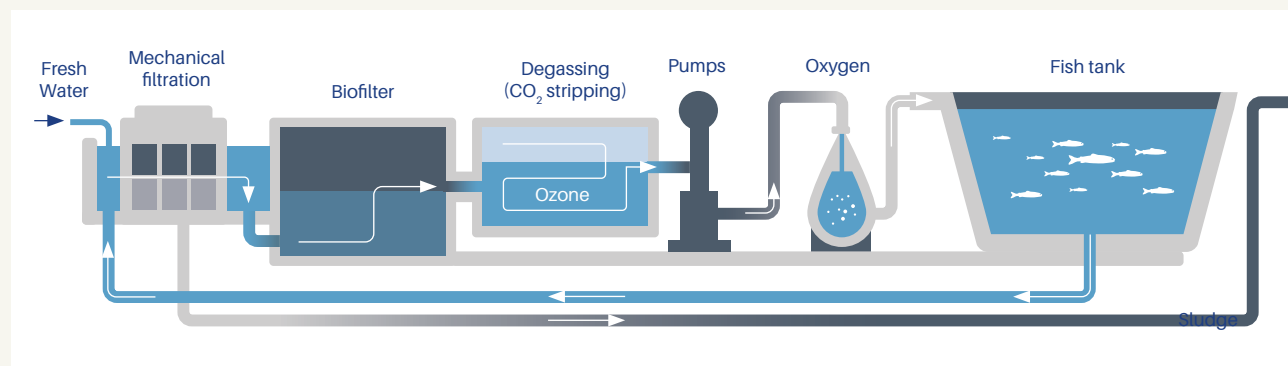
in Nordic Aqua Partners have decades of experience from operating RAS systems with low salinity, without any major incident of fish loss.

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

The main energy source is the local 400 GWh solar and wind power facility. Moreover, the roofing of the salmon farm will be covered with solar panels to produce 20-25% of the energy consumption on site.



Solar panels
to produce
20-25%
OF THE ENERGY
CONSUMPTION



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.

**Neighbours and local government**

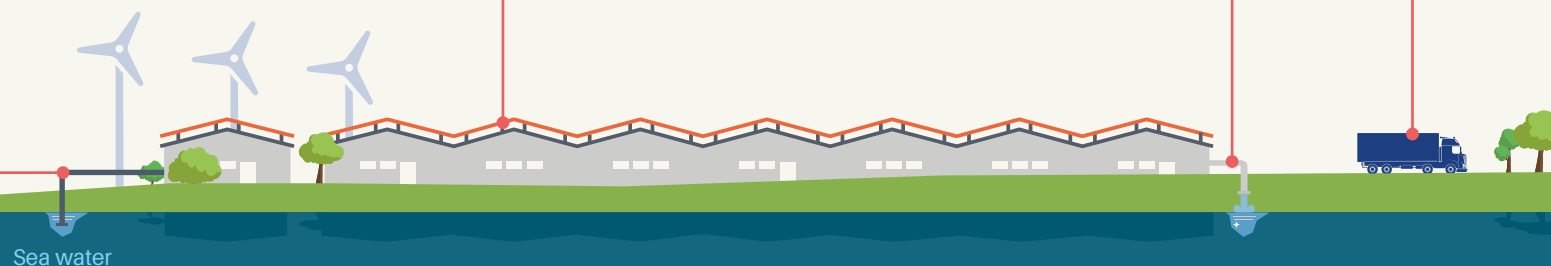
Local government and neighbours are fully supporting Nordic Aqua. Efforts are made to contribute to the local community, including creating meaningful and safe jobs in an area with declining fisheries.

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



MILESTONES

Construction of stage 1 commenced in Q2 2021. This first stage includes a stepwise construction of a 4,000 tonnes 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 2027. The company is leasing land, facilities and infrastructure from the local government at a fixed price, consequently this is not part of the company's capex budget. Financial forecasts for

stage 3 have not yet been formalized, but the company expects this to be along terms as for stage 2.

The company's capex assumptions for stage 2 and 3 of NOK125/kg is maintained. However, current uncertain geopolitical conditions and corresponding inflationary pressure may bring about adjustments to capex assumptions going forward. The company is closely monitoring the situation, and budgets are continuously under review. Price increases seen recent 12-18 months is to a

large extent expected to be offset by learning and standardization from stage 1, in addition to increased local sourcing of parts and equipment.

Moreover, the recent sharp increase in prices on feed and other operational input factors might indicate some upside risk to the working capital and production cost assumption presented. However, the budget already includes some headroom for inflation mitigating the potential revision.

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

	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 (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 (93DKK)
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

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.

The company leases land, facilities, and infrastructure from the local government for a fixed price on a 20-year term

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 optimization of design and local sourcing of part of the capex, and all such savings are used to further improve and optimize the design.

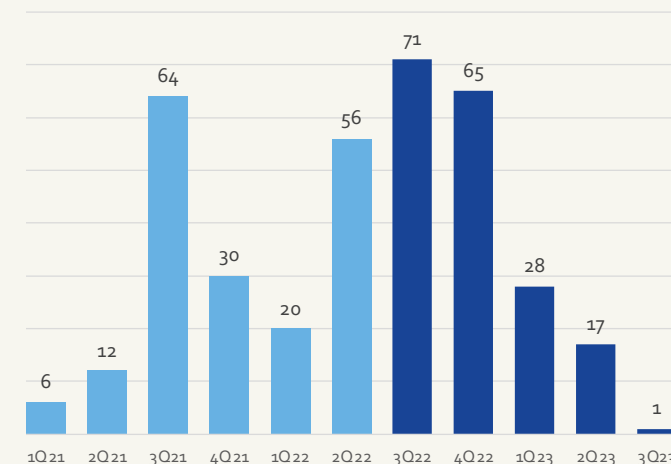
Capex overview stage 1

	DKKm
30.06.22	132
Before 2022	112
2022	76

Remaining payments	DKKm
2022	136
2023	46

The RAS technology was started to be introduced during Q4 2021, and the company consequently made its first large capex payments during 2H 2021. Capex remains on budget.

Capex plan Gaotang Island stage 1 Total 370 MDKK



FUNDING

Total equity raised is DKK 448 million (600 MNOK), of which DKK 418 million was raised in a private placement in connection with the company's IPO in Q4 2020.

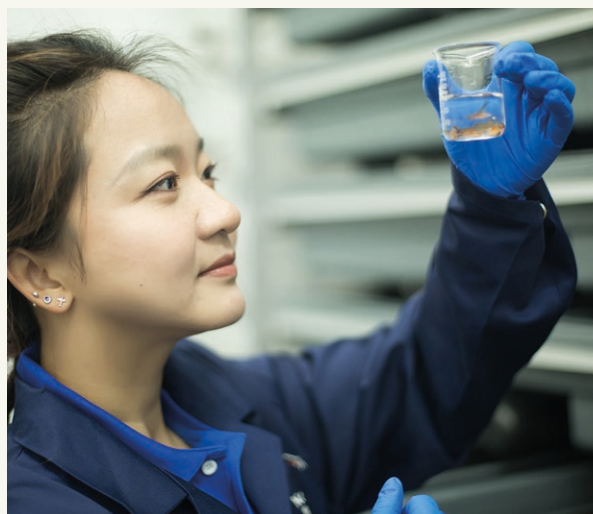
Prior to the private placement, DKK 31 million of equity capital was invested in the company. The company expects to be fully equity funded to reach a production of 8,000 tonnes, but will need additional equity to scale production further. Timing of a potential equity issue depends on market sentiment 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 draw downs based on progress on Capex. The Facility shall be repaid in equal, consecutive quarterly instalments starting at date of finishing 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 36) which is now used as a typical working capital facility.



Total equity
raised

600

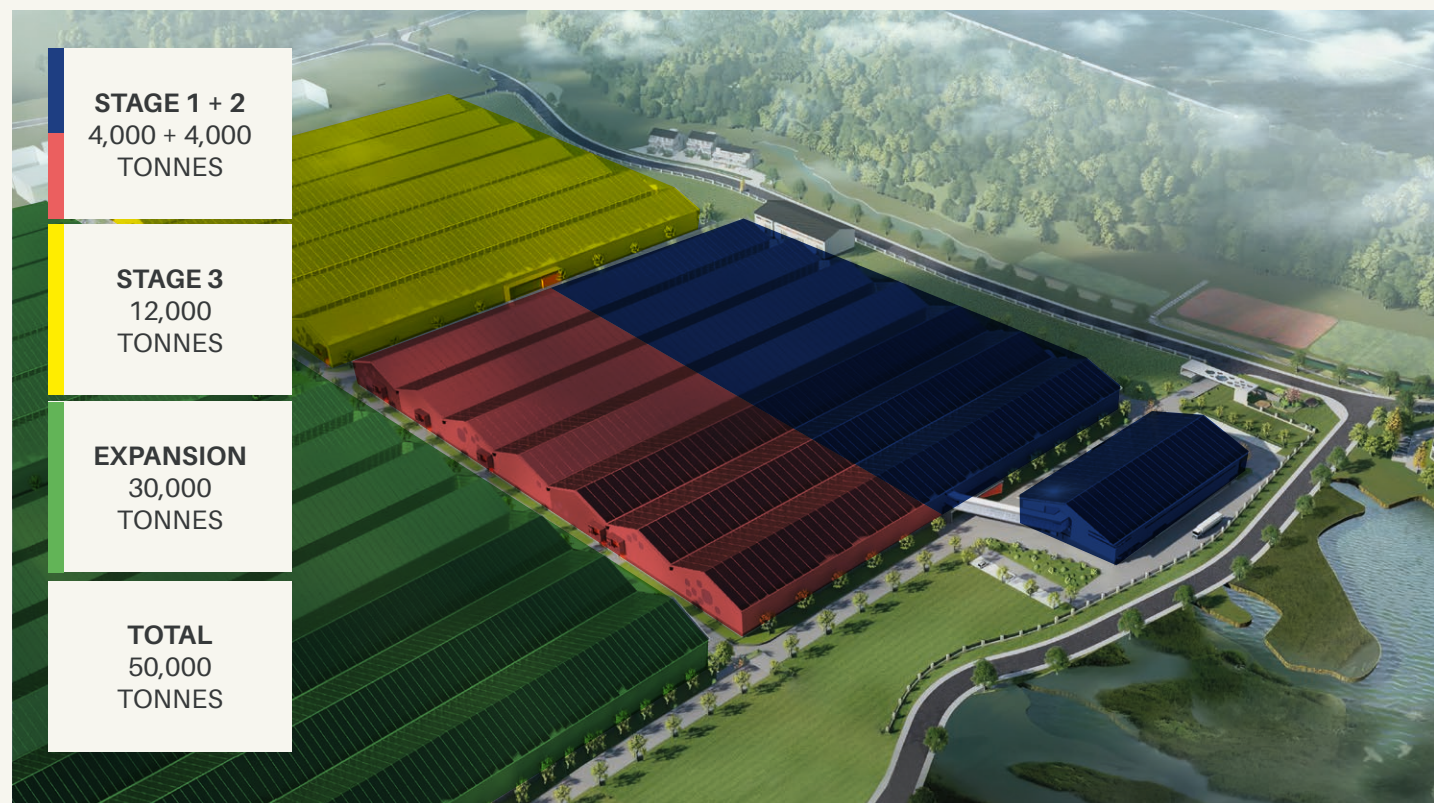
MILLION NOK

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

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 at 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.

Expansion to reach an annual capacity of 20,000 tonnes is expected to be done at similar lease principles and terms currently being discussed between the company and the local government.



The structure of the lease agreement significantly reduces the risk to Nordic Aqua Partners

Financial review

SUMMARY OF RESULT

(figures in DKK 1000)

	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
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Financial income	1,267	2	1,457	2
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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

PROFIT AND LOSS

Personnel expenses for Q2 2022 totalled DKK 3.6 million (DKK 2.4 DKK million Q2 2021). The company has hired new personnel since last year which is the primary reason for the increase.

Other operating expenses totalled DKK 3.3 million during Q2 2022 (DKK 2.1 DKK million Q2 2021) and consisted mainly of consultants and advisors. Financial expenses are related to interest payment on the undrawn loan facility, negative interest on cash and exchange deviations.

CASH FLOW

Net cash flow from operating activities was DKK -2.9 million in Q2 (-18 million in Q2 2021).

Net cash flow from investing activities was DKK -32 million during Q2(-22 Q2 2021). Investments are related to AKVA technology and will gradually increase as construction accelerates.

Total net cash flow during Q2 2022 was -28 million (-7 Q2 2021). Cash and cash equivalents at the end of the period were DKK 253 million (381 Q2 2021).

FINANCIAL POSITION

The carrying amount of Nordic Aqua Partners' total fixed assets at June 30th, 2022, was DKK 188 million, compared to DKK 40 million at June 30th, 2021. The increase is mainly related to AKVA technology.

Consolidated non-interest-bearing liabilities totalled DKK 13.3 million.

Subsequent events

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

Transactions with related parties

The Company has entered into the following contracts with two of its shareholders:

- Feed sales and delivery agreement with Skretting, a subsidiary company of Nutreco
- Trial and data access agreement with Skretting, a subsidiary company of Nutreco
- Technology supply contract with AKVA Group, a company where Knut Nesse—a member of the board of directors of the Company—is CEO.

The agreements with AKVA and Skretting (Nutreco) have been entered into at arm's length and at market terms.

Nutreco and AKVA Group is an indirect shareholder of the Company through Nordic Aqua Partners Holding ApS.

Other than set out above, the Company has not entered into any transactions with related parties during the last two financial years that may be material to assessing the admission to trading on Euronext Growth.

20 LARGEST SHAREHOLDERS 30.06.22

Rank	Number of shares held	Ownership percentage	Navn
1	5,168,922	50.26%	NORDIC AQUA PARTNERS HOLDING APS
2	1,026,569	9.98%	KONTRARI AS
3	490,627	4.77%	J.P. Morgan SE
4	244,516	2.38%	FARVATN PRIVATE EQUITY AS
5	217,730	2.12%	SILVERCOIN INDUSTRIES AS
6	209,108	2.03%	VERDIPAPIRFONDET NORDEA NORGE VERD
7	188,497	1.83%	VERDIPAPIRFONDET NORDEA AVKASTNING
8	187,943	1.83%	The Bank of New York Mellon SA/NV
9	167,944	1.63%	VERDIPAPIRFONDET NORDEA KAPITAL
10	120,764	1.17%	Saxo Bank A/S
11	110,702	1.08%	VERDIPAPIRFONDET NORDEA NORGE PLUS
12	102,794	1.00%	SPAREBANK 1 MARKETS AS
13	101,000	0.98%	SONSTAD AS
14	100,770	0.98%	SOUTH WINDS AS
15	100,000	0.97%	KEWA INVEST AS
16	91,329	0.89%	SN SAMLEREN AS
17	83,360	0.81%	EQUINOR PENSJON
18	65,000	0.63%	MØSBU AS
19	60,843	0.59%	J.P. Morgan SE
20	51,696	0.50%	NORDNET LIVSFORSIKRING AS
8,890,114		86.45%	Total for 20 largest shareholders
1,393,870		13.55%	Other 525 shareholders
10,283,984		100.00%	Total number of shares

Share information

Per June 30th, 2022, Nordic Aqua Partners had 10,283,984 issued shares, held by 545 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 Board of Directors has allocated 437,070 warrants to the Company's employees, which have been subscribed by the relevant holders. Each warrant gives the holder a right to subscribe for one share in the Company at a strike price of NOK 81 per share.

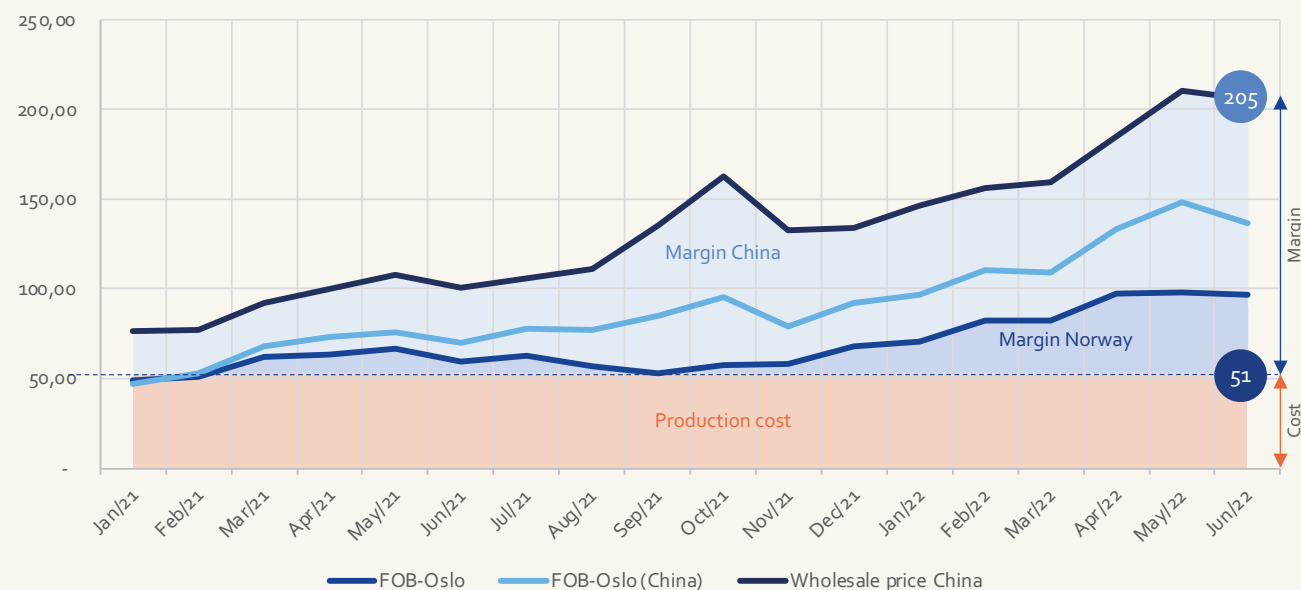
The closing price for the company's share was NOK 75.2 per share as per June 30th, which corresponds to a market capitalization of NOK 773 million.

Market development

Nordic Aqua Partners finds it encouraging that prices have rebounded to record levels, driven by very solid consumption by the retail segment and tight supply. 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 tonnes 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 is familiarization of Atlantic salmon as a healthy source of protein in the normal Chinese household. Today, all Atlantic salmon is imported, mostly by air, resulting in fresh Atlantic salmon being 4 days old when introduced to the market, and with a high carbon footprint.

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



- 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.

Due to the fact that Atlantic salmon is now becoming a more common source of protein in the normal Chinese household, we see a continuous growth in the on-line and home delivery market for fresh seafood, including Atlantic salmon. We believe that our locally farmed Atlantic salmon, offering a 24/7 delivery program of fresh salmon, will be an attractive supplier to this market segment, in addition to the more traditional HORECA market segments, which also continues to grow. 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, thus realizing the benefits of being more self-sufficient within the food chain.

China is by far the largest consumer and producer of seafood in the world

China customs statistics has official data on import prices of fresh salmon before customs clearance. By adding import taxes and handling costs it is possible to estimate wholesale prices. In Q2, estimated Wholesale prices in China averaged 200 NOK/kg HOG, and with NOAP's budgeted EBIT cost/kg of 51 NOK the implied margin would be 149 NOK/kg. Relative to FOB-Oslo prices at 97 NOK/kg HOG in Q2, the extra margin in China was 103 NOK/kg HOG. The company believes the outlook for salmon prices in China remains solid, with analysts expecting limited global supply growth over the next years combined with solid demand growth for salmon in China. Nordic Aqua Partners therefore expect to see attractive margins for our locally farmed Atlantic salmon in 2024, our first year with full harvest capacity.

It is the company's view that a locally produced Atlantic 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.

Marketing and sales of the company's salmon will be done in cooperation with local partners that are already well positioned in relevant market segments. Initial discussions have started to ensure that agreements and partnerships are in place prior to first harvest.

**Expected yearly consumption
in China by 2025**

250,000

TONNES

Outlook

At listing in Q4 2020, Nordic Aqua Partners secured equity funding for expansion up to 8,000 tonnes. Since then, site preparations have been completed, and construction of the smolt facility for Stage 1 and Stage 2 will soon be completed. As land, infrastructure, and buildings, including concrete tanks and filter basins are leased from the local government, they are currently responsible for the work being conducted on the site. The first milestone was completed in early March 2022, with inlay of the first eggs. The first juveniles were moved into RAS 1 and first feed in May, and the second inlay of eggs was done early June. Production cycle is estimated to two years, which means the company is on time for first harvest in Q1 2024.

Construction of infrastructure and facilities are carried under a lease agreement with the local authorities. The terms under the lease agreement are fixed for Stage 1 and 2 (8,000 t), which significantly reduces the capex risk to Nordic Aqua Partners.

The company's capex assumptions for stage 2 and 3 of NOK125/kg is maintained. However, current uncertain geopolitical conditions and corresponding inflationary pressure may bring about adjustments to capex assumptions going forward. The company is closely monitoring the situation, and budgets are continuously under review. Price increases seen recent 12-18 months is to a large extent expected to be offset by learning and

standardization from stage 1, in addition to increased local sourcing of parts and equipment.

Moreover, the recent sharp increase in prices on feed and other operational input factors might indicate some upside risk to the working capital and production cost assumption presented. However, the budget already includes some headroom for inflation mitigating the potential revision.

The Covid-19 situation in China and the war in Ukraine has fortunately not impacted progress significantly. All equipment necessary for construction the coming 12 months is already on site, and the company has consequently not been impacted by logistical challenges. There has been no major Covid-19 outbreak at the construction site, allowing construction to progress as planned.

The Covid-19 situation in China and the war in Ukraine has fortunately not impacted progress significantly

By the end of the first quarter 2022, the organisation counts 34 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.

The financial expectation for 2022 is that Nordic Aqua's result will be a loss on MDKK 30-35, Nordic Aqua expects a positive result for the year 2024, when harvest will be initiated.

The company has initiated a project to investigate all aspects of a possible accelerated expansion plan to reach a capacity of 20,000 tonnes by 2027. This process is expected to be concluded by end 2022.

Risks and uncertainties

Landbased salmon farming is a new industry and 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 construction phase, there are many inherent risks, such as successful project execution, dependence on sub-contractors, delays and cost overruns, which could negatively impact the company's ability to realize its business plan.

China continues its "zero tolerance" policy on the Covid 19 pandemic, causing restrictions and challenges with respect to logistics and travelling. The company were aware of such challenges when planning the logistics together with the main contractor, AKVA Group, and have therefore managed to minimize such consequences, thus avoiding consequences to have any material defect on the overall project plan and budget. Most of the equipment have already arrived on site. It should also be noticed that the market for our Atlantic salmon is 100% domestic, and all raw material required for our production is made in China, with the exemption of the salmon eggs being imported from Iceland.

The strict quarantine rules for visitors to China reduces the possibilities for foreign expatriates to visit the pro-

ject, and it also complicates the initiated rotating schedule, however we have managed to find workable options. Unfortunately, the same restrictions also hinder the company to welcome our investors and other interested parties to visit the project. On a medium term we are of the opinion that these restrictions will be eased and that travelling and logistics will be back to normal.

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.

The unfortunate situation with the war in Ukraine has added to the logistic challenges, however we do not see this as a risk factor for our project. See the outlook and milestone sections for a discussion of how the current inflationary pressure is impacting the company.

Our Atlantic salmon is 100% domestic, and all raw material required for our production is made in China

The Group's future financial position depends on sales prices for salmon on the Chinese market. Other future liquidity risks include the impacts from fluctuations in production and harvest volumes, biological issues, and changes in feed prices. For more on financial risks, see note 5.

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 2022 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 re-

view 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 18th, 2022

EXECUTIVE BOARD

Ole Juul Jørgensen
CEO

BOARD OF DIRECTORS

Ragnar Joensen
Chairman

Tore Hopen
Board member

Ove Nodland
Board member

Knut Nesse
Board member

Vegard Gjerde
Board member



Interim Financial Statements

Consolidated Statement of Comprehensive Income

Summary of result kDKK	Q2 2022	Q2 2021	H1 2022	H1 2021
Revenue	0	0	0	0
Other operating income	136	0	175	0
Other external expenses	-3,227	-2,135	-4,459	-3,873
Gross profit/(Loss)	-3,091	-2,135	-4,284	-3,873
Staff costs	-3,643	-2,384	-7,163	-3,625
Operating profit/(loss) before amortisation and depreciation	-6,735	-4,519	-11,448	-7,498
Depreciations	-122	-23	-232	-28
Operating profit/ (loss) before tax	-6,856	-4,542	-11,679	-7,526
Financial income	1,267	2	1,457	2
Exchange rate deviations	3,704	3	3,093	3
Financial expenses	-1,351	-3,686	-2,695	-5,759
Financial expense - net	3,620	-3,681	1,855	-5,754
Profit/loss before tax	-3,236	-8,223	-9,824	-13,280
Income tax expense	0	0	0	0
Profit/loss for the period	-3,236	-8,223	-9,824	-13,280
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	629	-420	5,986	3,634
Net other comprehensive income to be reclassified				
to profit or loss in subsequent periods	-2,607	-6,725	-3,838	-3,634
Adjustments to prior period	0	0	0	415
Net other comprehensive income not to be reclassified				
to profit or loss in subsequent periods	0	0	0	415
Other comprehensive income	629	-420	5,986	3,218
Total other comprehensive income for the period	-2,607	-25,927	-3,838	-10,062
Earnings per share				
Basic	-0.31	-0.80	-0.96	-1.29
Diluted	-0.31	-0.80	-0.96	-1.29

Statements of financial position

(figures in DKK 1000)	H1 2022	H1 2021	31/12/2021
Assets			
Assets under construction	188,312	39,670	111,141
Property, plant & equipment	1,660	593	1,290
Deposits	10,685	9,690	10,296
Total non-current assets	200,657	49,953	122,727
Biological assets (Biomass)	2,287	0	0
Other current receivables	389	2,247	4,656
Receivables	11	0	1,234
Cash and cash equivalents	204,550	374,480	277,345
Total current assets	207,237	376,727	283,235
Total assets	407,895	426,680	405,962
Equity and liabilities			
Share capital	10,284	10,284	10,284
Other equity	384,334	392,610	388,172
Total equity	394,618	402,894	398,456
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	0	0
Trade payables	10,724	22,134	6,687
Other current liabilities	2,552	1,652	820
Total current liabilities	13,276	23,786	7,506
Total liabilities	13,276	23,786	7,506
Total equity and liabilities	407,895	426,680	405,962

Statement of cash flow

(figures in DKK 1000)	Q2 2022	Q2 2021	H1 2022	H1 2021
Cash flow from operations				
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				
Proceeds from capital increase	0	0	0	0
Transaction cost of issue of shares	0	0	0	0
Proceeds from new borrowings	0	0	0	0
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

Interim Financial Statements

Statement of Changes in Equity

	Share capital	Premium Reserve	Currency translation differences	Retained earnings	Total Equity
kDKK					
Equity January 1 st 2022	10,284	0	12,428	375,744	398,456
Net profit/(loss) for the period				-9,824	-9,824
Exchange adjustment			5,986		5,986
Other comprehensive income				0	0
Balance June 30th 2022	10,284	0	18,415	365,920	394,618

	Share capital	Premium Reserve	Currency translation differences	Retained earnings	Total Equity
kDKK					
Equity January 1 st 2021	10,284	421,339	-282	-18,382	412,958
Net profit/(loss) for the period				-13,283	-13,283
Exchange adjustment			3,634	-415	3,219
Other comprehensive income				-13,698	-13,698
Balance June 30th 2021	10,284	421,339	3,352	-45,778	402,894

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 June 30th 2021.

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 June 30th 2021, 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	Construction in progress	Total
Cost at 1 January 2022	1,470	111,141	112,611
Exchange rate adjustment	0	0	0
Additions	422	77,171	77,593
Cost at 30 June 2022	1,892	188,312	190,204
Depreciation and impairment at 1 January 2022	-232	0	-232
Depreciation For the year	0	0	0
Depreciation and impairment at 31 June 2022	-232	0	-232
Carrying amount	1,660	188,312	189,972
Cost at 1 January 2021	8	0	8
Additions	19	59,155	59,155
Cost at 31 December 2021	27	5,412	5,439
Depreciation and impairment at 1 January 2021	-2	0	-2
Depreciation For the year	-3	0	-3
Depreciation and impairment at 30 June 2021	-5	0	-5
Carrying amount 30 June 2021	22	5,412	5,434

NOTE 4 BIOLOGICAL ASSETS

kDKK	Q1 2022	Q1 2021
Biological assets carrying amount 01.01	0	0
Increase due to production or purchase	2,287	0
Biological assets carrying amount at the end of the period	2,287	0

As of June 30th 2022 the total number of fish was 667 thousand.

NOTE 5 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 second half 2022.

Nordic Aqua has an agreement with Bank of Ningbo, Xiangshan Branch, to provide a conditional credit facility of MRMB 35 (MDKK 37) which will be used as a typical working capital facility

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

	June 30th 2022	June 30th 2021
kDKK		
Credit facility	223,648	185,983
Undrawn credit facility	-223,648	-185,983
Total financial liabilities	0	0
Included in the balance sheet:		
Non-current liabilities	0	0
Current liabilities	0	0
Total bank loans	0	0

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

NOTE 6 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 2021, 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 205 and undrawn bank loan facility of MDKK 186 and an undrawn credit facility of MDKK 37 as of June 30th 2022.

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

Maturity of the Group's financial liabilities:

	Less than 1 year	Between 1-5 years	More than 5 years
kDKK			
30 June 2022			
Trade Payables	10,724	0	0
Other Payables	2,552	0	0
Total	13,276	0	0
30 June 2021			
Trade Payables	22,134	0	0
Other Payables	1,652	0	0
Total	23,786	0	0

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 CNY.

The sensitivity analysis for foreign currency risk:

Cash and loan facility is primarily held in Eur to match the coming Capex-payments also 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	June 30 th 2022	June 30 th 2021
Financial assets measured at amortised cost:		
Other receivables	389	2,247
Receivables	11	0
Cash and cash equivalents	204,550	374,480
Total cash and cash equivalents	204,950	376,727
Financial liabilities measured at amortised cost:		
Trade payables	10,724	22,134
Other payables	2,552	1,652
Total financial liabilities	13,276	23,786

NOTE 7 CONTINGENT LIABILITIES AND SECURITY FOR DEBT

Security for debt

As of June 30th, 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 10.4 MDKK for Stage 1.

NOTE 8 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 864 in Q2 2022 (Q2 2021: 825 kDKK).

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 2021.

Parent Company Details

Parent Company

Nordic Aqua Partners A/S
Hundegade 1
6760 Ribe
Denmark

Business Registration No.:
38 18 30 01

Registered office:
Esbjerg

Organisation number
+298 221222

Contact:
E-mail: hjalti@nordicaquapartners.com

Web:
www.nordicaquapartners.com

Board of Directors

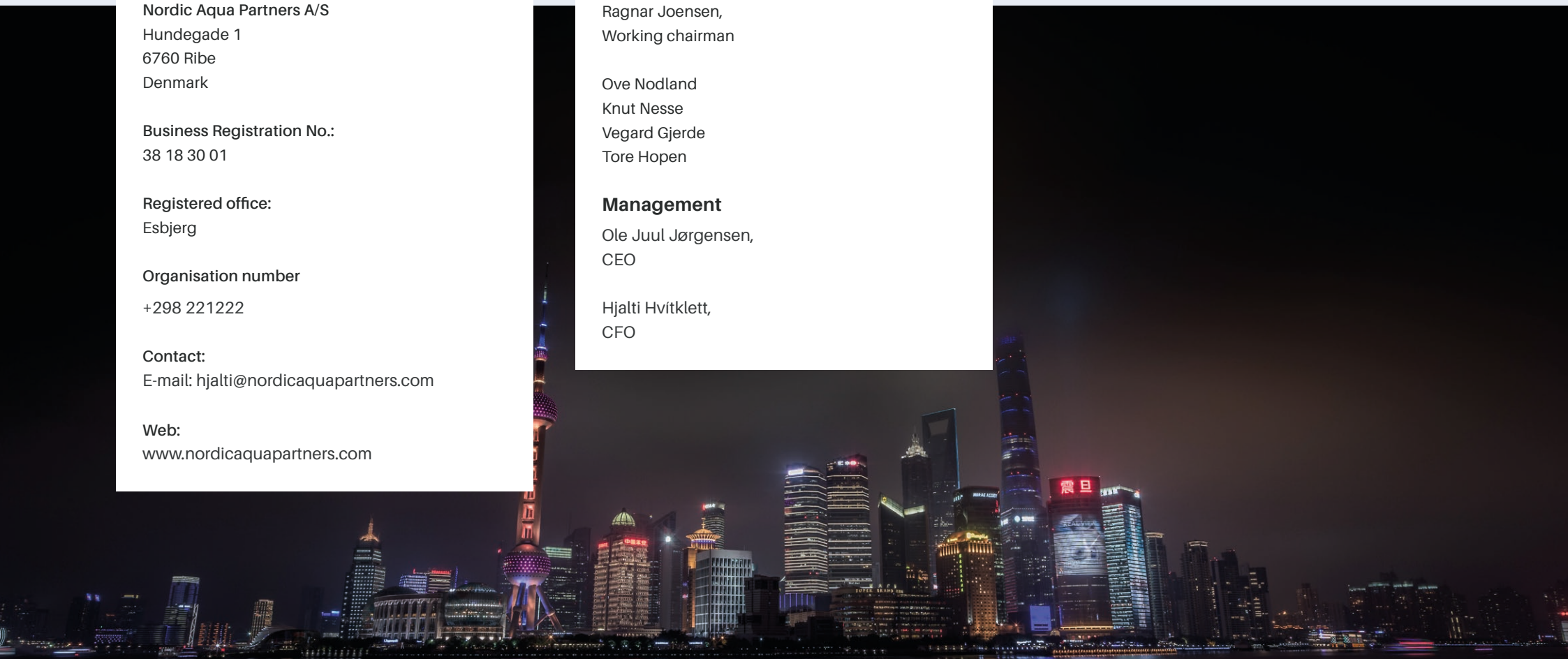
Ragnar Joensen,
Working chairman

Ove Nodland
Knut Nesse
Vegard Gjerde
Tore Hopen

Management

Ole Juul Jørgensen,
CEO

Hjalti Hvitklett,
CFO





Nordic Aqua Partners A/S

Hundegade 1
6760 Ribe
Denmark

www.nordicaquapartners.com