



Nordic  
Aqua

# Nordic Aqua Partners

Q2 2023

August 2023



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# Agenda



Highlights and Nordic Aqua Partners in brief

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Project Review

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Market

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Assumptions and KPI's

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# Highlights

- Project development in line with time and budget
- CAPEX in Q2 DKK 29 million
- Good biological performance in all batches. First batch of fish reached average weight of 900 g by mid August 2023
- Continued development of organisation, strengthening competence and capacity within farming operations and first hirings within sales
- Available liquidity of DKK 364 million as of 30.06.2023, including cash and undrawn credit facilities
  - Loan, Eksportfinansiering Norge: 75 million
  - Working Capital, Bank of Ningbo: 33 million
  - Cash: DKK 256 million
- Changed to Norwegian domicile from mid-August 2023



# Nordic Aqua Partners

– only producer of fresh Atlantic salmon in China



1. Stage 1 is fully financed, and will be completed within Q4 2023, with an annual capacity of 4,000 tonnes of Atlantic salmon
2. Stage II, adding another 4,000 tons annual capacity is also fully financed when cash from operations in 2024 and 2025 is included, and when completed in 2025 as scheduled, the total annual capacity will be 8,000 tonnes.
3. Existing plan for 20,000 tonnes and an ambition to reach 50,000 tonnes.
4. Uniquely located near Shanghai, with access to about 100 million consumers within 5 hours
5. World-class RAS team providing the best land-based salmon farming experience and know-how
6. Dedicated support from local authorities and leading industry players



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# Project status

- Project continues to develop on time and on budget
- Installation of RAS 5 completed in May, fish moved from RAS 4 to RAS 5 in May
- Installation of RAS 6 completed and fish transferred in Aug 2023
- Construction of RAS 7 to 9 facility in process as per plan
- Moved into new administration facility in May 2023





# Good progress at the construction site

Construction site April 2023



● Stage 1: 38k m<sup>2</sup>

● Stage 2: 19k m<sup>2</sup>

Construction site July 2023





# Building Organization

## Departments

- 13 people in Administration
- 19 people in Farming Team
- 15 people in Technical Team
- 5 Project Team
- 2 people in Processing Team
- 1 Sales

## Newest senior hirings

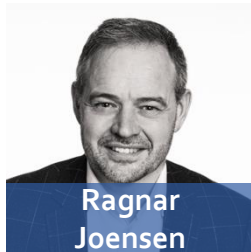
- Processing Manager February 2023
- Sales Manager July 2023
- Farming Expert August 2023
- Group Accounting Manager August 2023





# Senior RAS-team in place

## Senior RAS management team



### CEO

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



### Farm Manager

- ~15 years of RAS experience
- Mowi, Vågåfossen Settefisk and Marineholmen RASLab



### Assistant Farm Manager

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



### RAS salmon expert

- ~ 25 years salmon production with RAS
- Freshwater manager at Mowi & consulting for land-based projects



### Fish Health Manager

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



### Farming Expert

- ~30 years of RAS and fish farming experience
- Tassal, Mowi, Salmones Antarctica

## Selected reference projects

### Faroe Islands - MOWI

Facility built by Mowi (former Marine Harvest) in 2017

Tank volume of 8,000 m<sup>3</sup> with production of 1,300 tonnes per year

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



### Norway - Tytlandsvik Aqua

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

Constructed on time and budget

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

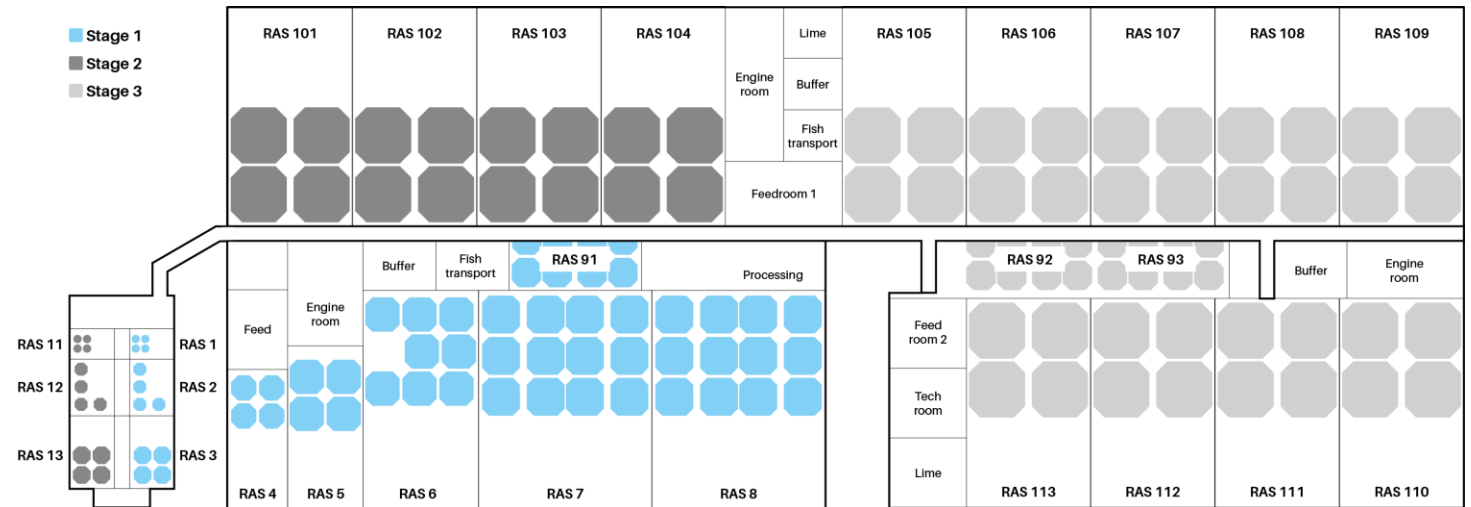
**Ragnar Joensen jointly responsible for design and construction with technology from AKVA Group**





# Expanding to 8,000 tonnes planning for 20,000 tonnes

- Secured funding for Stage 2 expansion through NOK 300 million capital raise when operational result from 2024 and 2025 is included
- Signed agreement with AKVA group for Stage 2 RAS delivery based on target price arrangement
- Signed agreement with Chinese authorities for Stage 2 construction and infrastructure expansion
- Continue to plan for 20,000 tonnes expansion in stage 3





# Salmon under production at Gaotang

## Hatchery



## RAS 1-2-3



## RAS 4-5-6



Construction: **Completed**

Batch 1: Mar 2022

Batch 2: Jun 2022

Batch 3: Sep 2022

Batch 4: Dec 2022

Batch 5: Mar 2023

Batch 6: Jun 2023

Construction: **Completed**

Batch 1: May, Aug, and Nov 2022

Batch 2: Aug, Nov 2022, and Feb 2023

Batch 3: Nov 2022, Feb and May 2023

Batch 4: Feb and May 2023

Batch 5: May 2023

Construction: **RAS 4 - 6 Completed** **RAS 7-9 Ongoing**

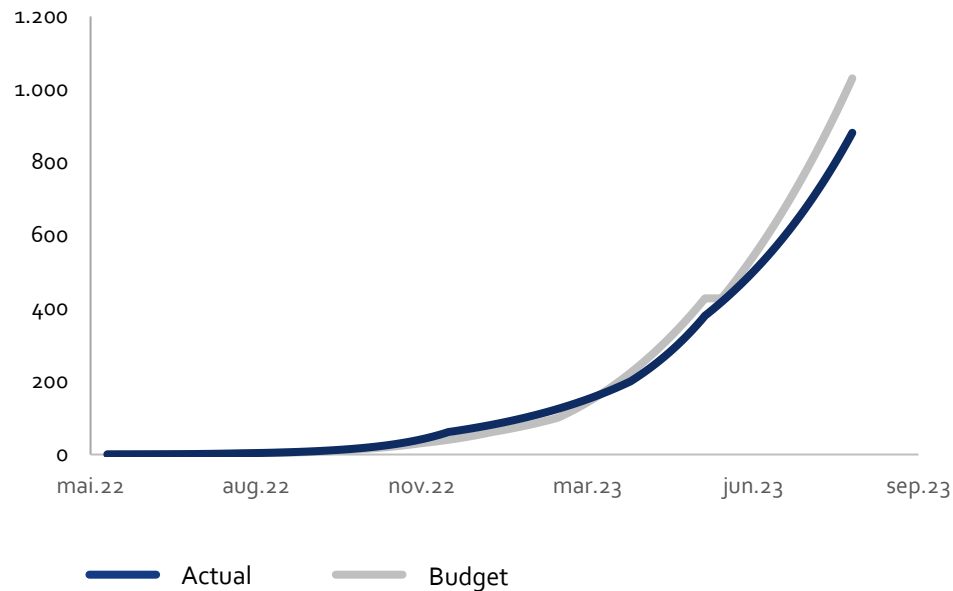
Batch 1: Feb and May 2023

Batch 2: May 2023

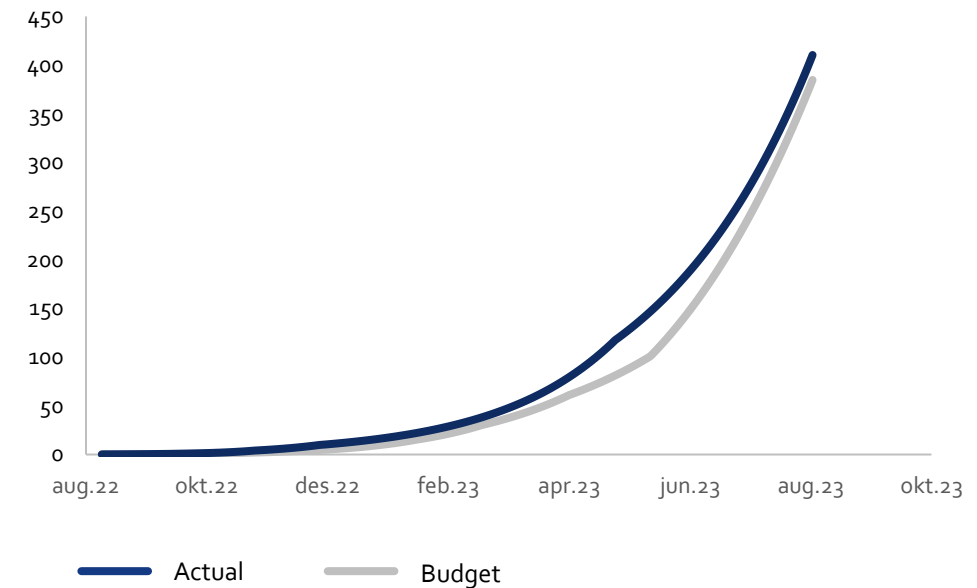


# Biological performance as expected

## Batch 1 - Growth



## Batch 2 - Growth



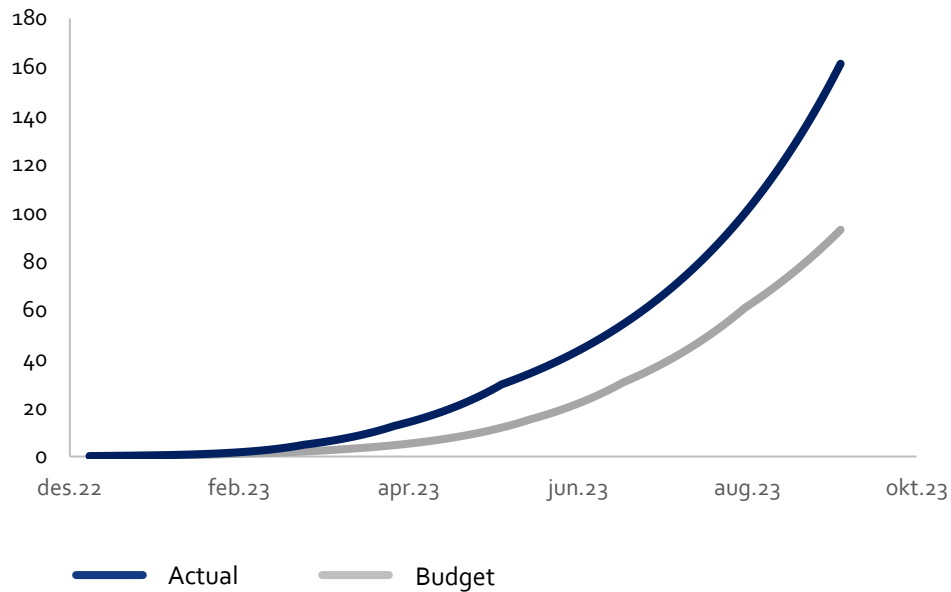
## Experience from production so far

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

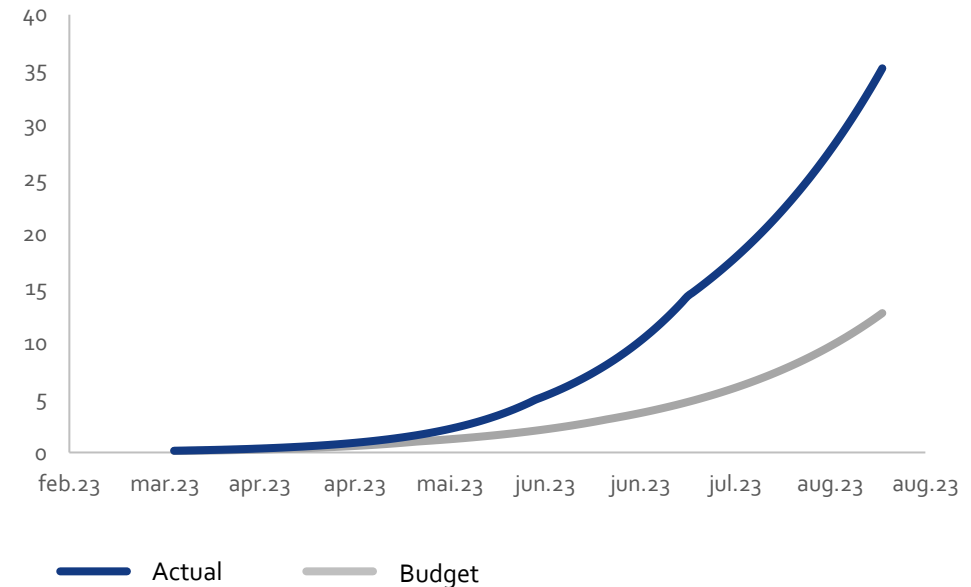


# Biological performance as expected

## Batch 3 - Growth



## Batch 4 – Growth



### Experience from production so far

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



# Timeline of Gaotang buildout

## TIMELINE IN GAOTANG BUILDOUT

	2021	2022	2023	2024	2025	2026	2027	2028	2029	Financing
Stage 1 4,000 tonnes	Q3 Construction start	Q1 Production start		Q1 First harvest						Fully financed and under construction
Stage 1+2 8,000 tonnes			Q3 Construction start	Q1 Production start		Q1 First harvest				Fully financed when results from 2024 and 2025 are included
Stage 1+2+3 20,000 tonnes				Q3 Optional construction start Q3 Production start (Up to smolt, uses Stage 2 facility)		Q3 First harvest				Optionality to target more funding for larger Stage 2 project



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# Import of Atlantic Salmon to China

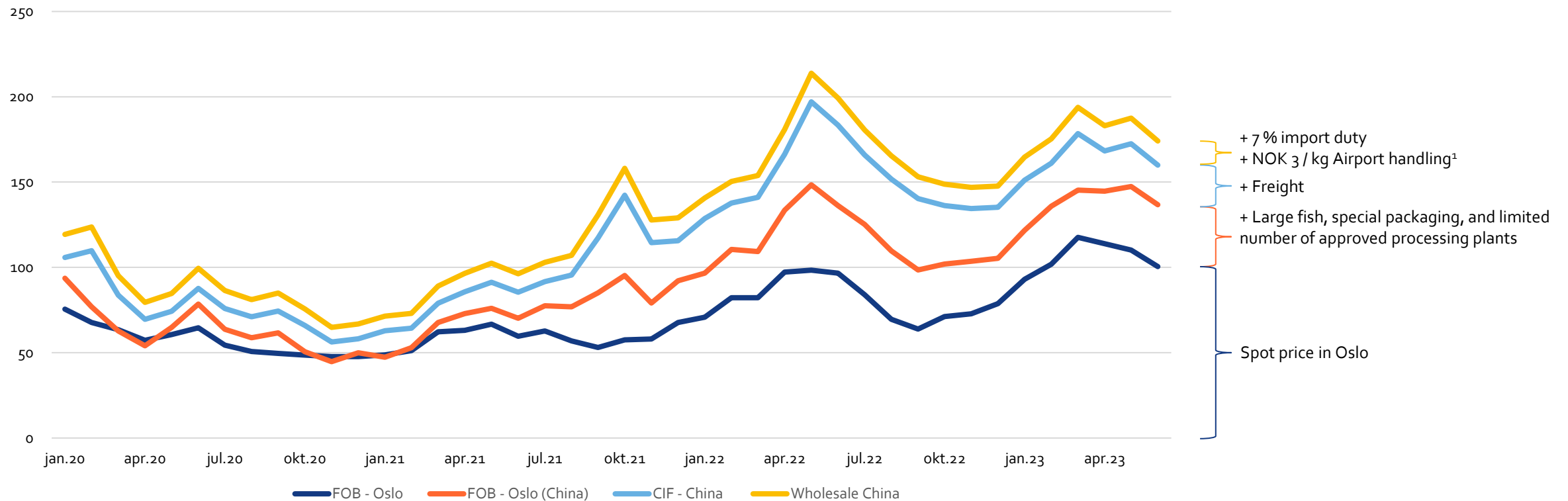
Total import of Atlantic Salmon H1 2023 ton (HOG)	H1 2023
Norway	19.658
Chile	13.501
Australia	6.319
United Kingdom	2.474
Faroe Islands	2.357
Others	684



# Atlantic salmon prices in China on Norwegian salmon

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

NOK / kg (HOG)





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# Attractive project economics

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

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

1) Capex relates to RAS equipment, building excluded (leased)

2) Estimated capex financed under lease with local government

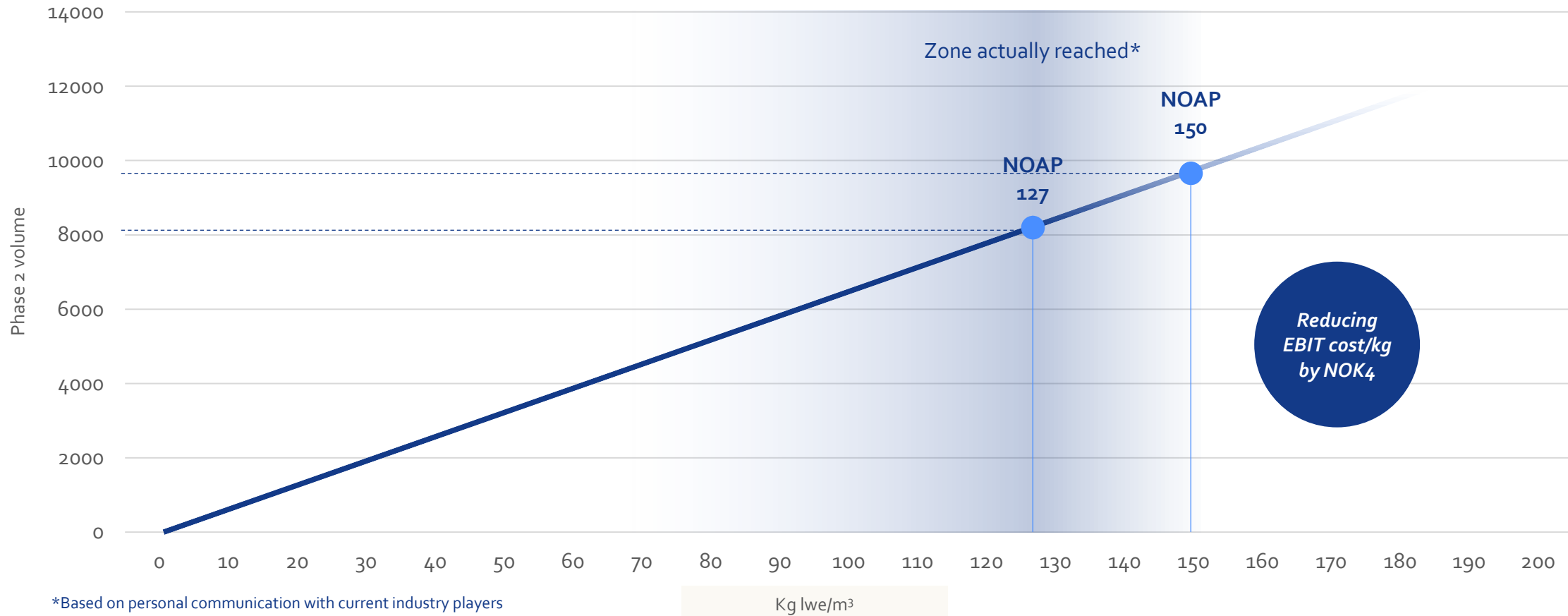
3) Assumed feed cost of NOK 24 / kg. HOG, compared with current price of 28 NOK / kg. HOG.

4) This overview is presented in NOK, because the salmon prices are settled in NOK. Calculated exchange rates EUR:NOK is assumed to be 1:10



# Assumed production capacity

Stage 2 production volume for different kg (lwe) / m<sup>3</sup>





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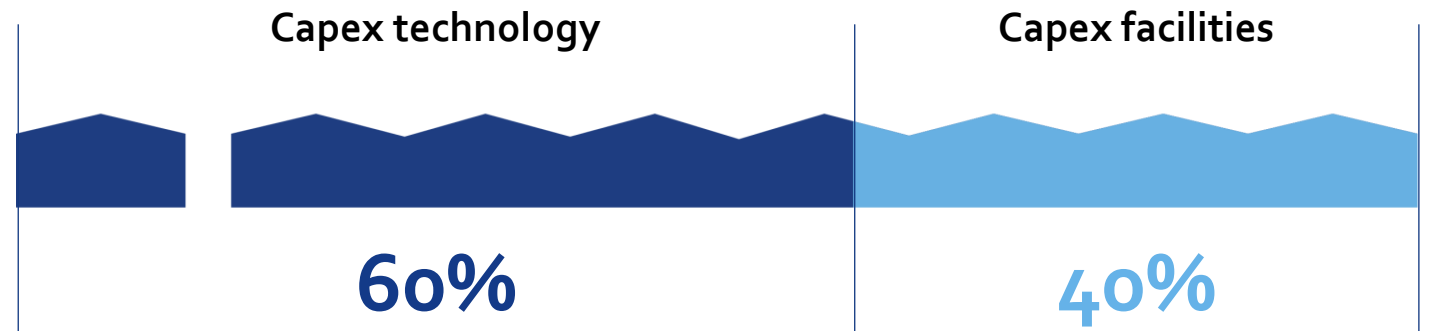
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# Attractive lease with local government

## Lease agreement

- The leased facility corresponds to a capex/kg of NOK 40-45
- Adding capex for RAS equipment of NOK 134/kg, total capex would be NOK 175/kg
- For Stage 2 the contract with AKVA Group is based on a target price arrangement. With the experience from Stage 1 the likelihood of exceeding included buffers is limited



# Key figures

(figures in DKK 1000)

	Q2 2023	Q2 2022	H1 2023	H1 2022
Other operating income	622	136	1,033	175
EBITDA	-8,518	-6,734	-15,534	-11,447
EBIT	-9,235	-6,856	-16,453	-11,679
Profit / (loss) before taxes	-23,853	-3,046	-34,799	-9,824
<b>Profit/loss for the period</b>	<b>-23,853</b>	<b>-3,046</b>	<b>-34,799</b>	<b>-9,824</b>
Cash flow from investment activities	-43,080	-54,929	-93,975	-78,162
Cash flow from financing activities	110,227	-1,238	305,620	-1,238
Payments for fixed assets	-43,080	-54,929	-93,975	-78,162
Net cash flow	46,450	-48,889	172,387	-78,782
Available cash	256,127	131,755	256,127	131,755
<b>Total assets</b>	<b>639,521</b>	<b>407,894</b>	<b>639,521</b>	<b>407,894</b>
Equity	509,921	394,618	509,921	394,618
Equity ratio	79.73	96.7	79.73	96.7

- Financial performance in line with plan and budget
- Still mainly financed by equity. Equity ratio is 80%



# Profit & Loss

(figures in DKK 1000)

	Q2 2023	Q2 2022	H1 2023	H1 2022
Other operating income	622	136	1,033	175
Other external expenses	-5,061	-3,227	-7,751	-4,459
<b>Gross profit/(Loss)</b>	<b>-4,439</b>	<b>-3,091</b>	<b>-6,718</b>	<b>-4,284</b>
Staff costs	-4,079	-3,643	-8,816	-7,163
<b>Operating profit/(loss) before depreciation</b>	<b>-8,518</b>	<b>-6,734</b>	<b>-15,534</b>	<b>-11,447</b>
Depreciations	-717	-122	-919	-232
<b>Operating profit/ (loss) before tax</b>	<b>-9,235</b>	<b>-6,856</b>	<b>-16,453</b>	<b>-11,679</b>
<b>Financial expense - net</b>	<b>-14,618</b>	<b>3,620</b>	<b>-18,346</b>	<b>1,855</b>
<b>Profit/loss before tax</b>	<b>-23,853</b>	<b>-3,236</b>	<b>-34,799</b>	<b>-9,824</b>
Income tax expense	0	0	0	0
<b>Profit/loss for the period</b>	<b>-23,853</b>	<b>-3,236</b>	<b>-34,799</b>	<b>-9,824</b>

- Financial performance according to plan and budget
- Personnel expenses driven by new hirings in farming, technical and processing.
- Financial income and expenses at DKK 18.3 million. Of these DKK 18 million are non-cash exchange deviations from loans

# Financial Position

(figures in DKK 1000)

## Assets

	30/06/2023	30/06/2022	31/12/22
Assets under construction	341,322	188,312	267,013
Property, plant & equipment	6,443	1,660	5,258
Deposits	9,429	10,685	10,106
<b>Total non-current assets</b>	<b>357,194</b>	<b>200,657</b>	<b>282,377</b>
Biological assets (Biomass)	16,285	2,287	5,402
Other current receivables	9,916	389	4,147
Receivables	0	11	10
Cash and cash equivalents	256,127	204,550	93,058
<b>Total current assets</b>	<b>282,327</b>	<b>207,237</b>	<b>102,617</b>
<b>Total assets</b>	<b>639,521</b>	<b>407,894</b>	<b>384,994</b>

## Equity and liabilities

Share capital	14,899	10,284	10,284
Other equity	495,022	384,334	348,496
<b>Total equity</b>	<b>509,921</b>	<b>394,618</b>	<b>358,780</b>
Non-current liabilities	111,410	0	0
Current liabilities	18,190	13,276	26,214
<b>Total liabilities</b>	<b>129,600</b>	<b>13,276</b>	<b>26,214</b>
<b>Total equity and liabilities</b>	<b>639,521</b>	<b>407,894</b>	<b>384,994</b>

- Total assets of 640 MDKK, increase mainly from investments in PPE and holdings in Cash in H1.
- Cash 256 DKKm, total available liquidity 364 DKKm
- Biomass of 16 MDKK and increasing, equivalent to ~210 tonnes
- Secured funding for Stage 2 expansion through NOK 300 million capital raise when operational result from 2024 and 2025 is included



# Cash Flow

(figures in DKK 1000)

## Cash flow from operations

Operating profit/loss

## Cash generated from operations

## Cash flow from investment activities

Payments for fixed assets and other capitalizations

## Net cash flow from investment activities

## Cash flow from financing activities

## Net cash flow from financing activities

Net change in cash and cash equivalents

Foreign exchange differences

Cash and cash equivalents at the beginning of the period

Cash and cash equivalents at the end of the period

	Q2 2023	Q2 2022	H1 2023	H1 2022
	-9,235	-6,856	-16,453	-11,679
	-30,790	5,793	-39,258	618
	-33,656	-55,307	-93,975	-78,162
	-33,656	-55,038	-93,975	-78,162
	110,896	1,238	305,620	-1,238
	46,450	-48,007	172,387	-78,782
	-8,648	-412	-9,318	5,987
	218,325	252,969	93,058	204,550
	256,127	204,550	256,127	131,755

- Liquidity according to plan and budget
- Capital increase on NOK 300 million.
- Cash DKK 256 million, total available liquidity DKK 364 million
- First drawdown on EUR 15 million of the EUR 25 million loan from Eksfin in April 2023.



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## ESG performance will monitored by:

- Audit Scopes 1, 2 and 3

**GLOBALG.A.P.**



### 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



### Renewable energy

The 39,000 m<sup>2</sup> 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.

### 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.



### 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.



Sea water



# Outlook and Summary

- Project development in line with time and budget
- Installation of RAS equipment and fish transfers moving ahead according to plan
- Good biological performance with growth rates and mortality in line with expectations
- Continue to build and strengthen organisation
- Market shows interesting prices on large fish
- Stage 2 with 8,000 tonnes production is initiated and expansion plan to reach a capacity of 20,000 tons is developing





An underwater photograph of two salmon swimming near the surface of the water. The water is a deep blue, and the surface is visible at the top with some bubbles. The salmon are silvery with dark spots. The text "Nordic Aqua" is overlaid on the right side of the image, accompanied by a stylized white fish logo.

Nordic  
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