



# ANNUAL REPORT 2022

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





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## Nordic Aqua A/S

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

# Nordic Aqua in brief



Nordic Aqua 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. Construction of Stage 1 started in Q2 2021, with the first inlay of Atlantic salmon eggs made in March 2022. With the first harvest scheduled in Q1 2024, Nordic Aqua will be the first local producer of truly sustainable salmon to the Chinese market, positioned to deliver fresh and locally farmed Atlantic salmon to about 100 million of China's wealthiest consumers within 5 hours and 1.4 billion consumers within 24 hours.

- ✓ Dense population and high purchasing power in cities nearby
- ✓ High growth potential for premium quality Atlantic salmon driven by rising middle-class in China
- ✓ Well established infrastructure in China enables fast and sustainable transportation of Atlantic Salmon to key markets.

Stage 1 is fully financed, and will be completed within Q4 2023, with an annual capacity of 4,000 tonnes of Atlantic salmon

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.

Existing plan for 20,000 tonnes and an ambition to reach 50,000 tonnes, including replications at other locations

Uniquely located in greater Shanghai area, with access to about 100 million customers within 5 hours

World-class RAS team providing the best land-based salmon farming experience and know-how plus a management team with extensive experience in building and operating businesses in China

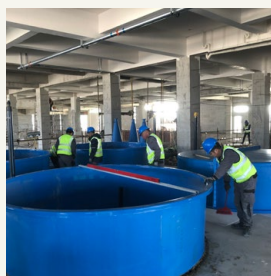
Dedicated support from local authorities and leading industry players

# Timeline

- Installation of RAS 4 completed, fish transferred from RAS 3 to RAS 4 in February 2023
- Capital increase of 199 MDKK (300 MNOK) March 2023
- Conducted ESG materiality assessment

2023

- Construction initiated on stage 1 – 4,000 tonnes
- Business Plan updated to 20,000 tonnes
- Final rental agreement signed with local Chinese government
- Signed banking agreement with Bank of Ningbo for working capital facility of RMB 35 million



2022



- Hatchery and RAS 1 completed, with inlay of first eggs in hatchery on 9 March
- Installation of RAS 2 completed, fish transferred from RAS 1 to RAS 2 in July
- Installation of RAS 3 completed, fish transferred from RAS 2 to RAS 3 in November

2021

2020



- Loan Agreement of MEUR 25 with Eksfin and Rabobank
- Private placement of MEUR 60
- Nordic Aqua listed on Euronext Growth under ticker NOAP

2018

- Recruiting of key personnel
- Chinese subsidiary incorporated and operating licenses granted
- Private placement of MEUR 3

2016

- Nordic Aqua ApS is incorporated
- First cooperation agreement with Chinese government

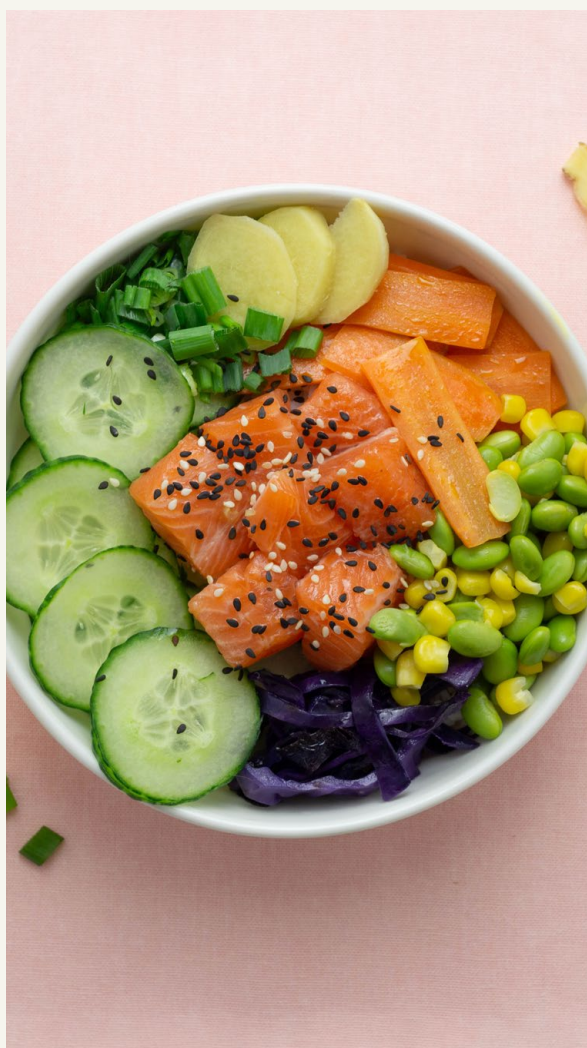


# Highlights

- Project on time and on budget
- First group of fish has by end April 2023 an average weight of 350 g
- Capital increase of approximately 199 MDKK (300 MNOK) in March 2023
- Strong salmon price development to the Chinese market
- Capex of 160 MDKK in 2022 out of total 273 MDKK
- Available liquidity of 316 MDKK as of 31.12.2022, including cash and undrawn credit facilities



# Key figures



(figures in DKK 1 000)	2022	2021	2020	2019	2018
Operating Revenues	456	620	0	0	0
EBITDA	-27,531	-17,586	-18,987	-5,701	-3,843
EBIT	-28,053	-17,752	-18,990	-5,703	-3,843
<b>Profit / (loss) before taxes</b>	<b>-40,763</b>	<b>-27,505</b>	<b>-25,507</b>	<b>-5,801</b>	<b>-3,843</b>
Cash flow from investment activities	-160,172	-108,175	-14,715	-8	0
Cash flow from financing activities	0	0	429,669	0	17,901
Payments for fixed assets	-160,172	-106,997	-5,431	0	0
<b>Net cash flow</b>	<b>-184,413</b>	<b>-129,941</b>	<b>390,758</b>	<b>-4,890</b>	<b>188</b>
Available cash	93,058	277,345	399,588	9,250	1,234
Net Interest-bearing liabilities	0	0	0	0	0
<b>Total assets</b>	<b>384,994</b>	<b>405,962</b>	<b>414,934</b>	<b>9,422</b>	<b>15,302</b>
Equity	358,780	398,456	412,959	8,702	14,514
Equity ratio	93.2%	98.2%	99.5%	92.4%	94.9%

\*Equity ratio = Equity / Total assets x 100



Letter from CEO

# Significant advancements in Nordic Aqua

After solid operations in 2022 and a successful capital raise in February 2023, Nordic Aqua has secured the path to reach an annual production of 8,000 tonnes. The next step will be to set the course towards 20,000 tonnes.

Last year turned out exactly as we had planned for, and by the end of the year Nordic Aqua was on time and on budget with our exciting project. We have gotten so far despite well over two years of a challenging pandemic. With strong support from local authorities and leading industrial partners in collaboration with an experienced team with unmatched RAS execution capabilities, we are firmly on the track we need to achieve our goals.

I dare to say that we received the recognition for this work in early February when we carried out a capital raise of approximately 199 MDKK (300 MNOK). We entered into an agreement with AKVA group for a facility for 8,000 tonnes per annum to be completed by 2025. At the same time, we entered into an agreement with the Chinese authorities for construction and infrastructure



up to 8,000 tonnes based on the same model as for 4,000 tonnes.

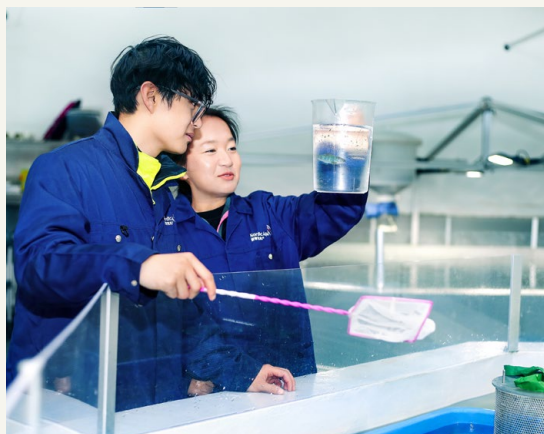
We take the combination of last year's development, the reception in the capital markets and the commitment of our partner as a clear testimony that we are on the right track.

2022 also marked a year during which our company made significant strides towards building a sustainable operation. Having a new team with us from the start of the journey gives us confidence that we can embed our values and have everyone behind our new ESG priorities: to enable people to eat sustainably; to develop a business model which treads lightly on the planet; and to support people to live well.

We have had a good start to the operation of the facility and the fish are growing well. By mid-April 2023, the salmon in the first batch have grown to 350 grams on average. Hence, the growing conditions seem right, and we look forward to delivering the first Atlantic salmon from the facility to the local market in the first quarter of 2024.

China is fast becoming the world's biggest consumer market and Ningbo is among the wealthiest and fastest developing cities in China. This presents a great market opportunity for us. We are also well positioned to benefit from the rapid increase in renewable energy infrastructure in China.

As of today, Nordic Aqua is the only producer of Atlantic salmon in China. We have access to a massive consumer market within a few hours' drive of our production site.



The prices we will achieve in this market will be significantly higher than we are otherwise used to, and we will avoid the expensive and unsustainable transport by air from, for example, Norwegian production sites.

Nordic Aqua certainly feels that we are welcomed in China and the local authorities are supporting our businesses in a very good way. For the Chinese authorities, this is important food production supporting in a positive manner the ambition to turn Ningbo and Xiangshan into a centre of excellence for aquaculture.



We are developing a business which is creating shared value for society in China, by contributing to the modernisation and restructuring of aquaculture while at the same time, developing a solution to global environmental challenges caused by current food systems. Our new ESG plan will focus on how to manage diverse risks we potentially face, for example impacts from climate change, freshwater scarcity, geopolitical risks and human rights risks. It will help will us narrow in on the most critical dependencies and impacts we have on natural, human and relationship capital so we can build a sustainable business.



As we are fast approaching first harvest, we have been contacted by several players who want to enter into purchase agreements. We intend to use the coming months to finalize the set-up for commercial agreements and we are looking forward to bringing our premium product to the marketplace.

As Nordic Aqua is about to enter a particularly exciting phase, it was important to put in place an extended board with strong experience and expertise. As CEO, I am very pleased that this was achieved at the end of the first quarter.

Board room capacities like Atle Eide, Therese Log Bergjord and Aino Olaisen all joined the board on 30 March, bringing everything from senior executive experience via proven trackrecords in building industry-leading companies in the seafood industry to a wealth of experience from long-term operations in China. Add to that extensive competence in building high performing company cultures, and we have what it takes to bring Nordic Aqua to the next level.

I really look forward to working with the the new board, all my highly motivated colleagues and all our partners on the exciting path towards 20,000 tonnes and beyond.

Ragnar Joensen  
CEO



# About Nordic Aqua



Nordic Aqua will provide the Chinese market with live and locally farmed, high-quality Atlantic salmon farmed in a sustainable and state-of-the-art RAS facility located in Xiangshan county of Ningbo.

Initial annual  
capacity

**4,000**

TONNES



## Our mission

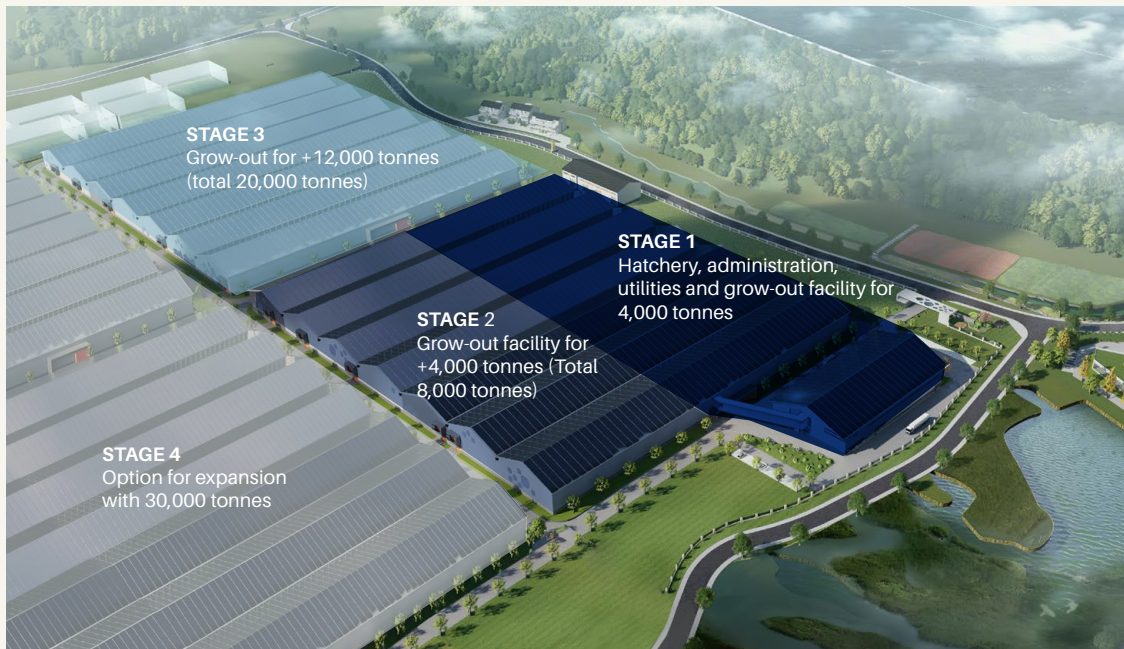
Our mission is to be the first to deliver live and locally farmed Atlantic salmon direct to the Chinese consumer, saving airfreight cost and import duties and significantly reduce the carbon footprint.

To achieve our mission, Nordic Aqua uses only state-of-the-art technology and best farming practices to demonstrate how China can sustainably satisfy its fast-growing appetite for high-quality protein.

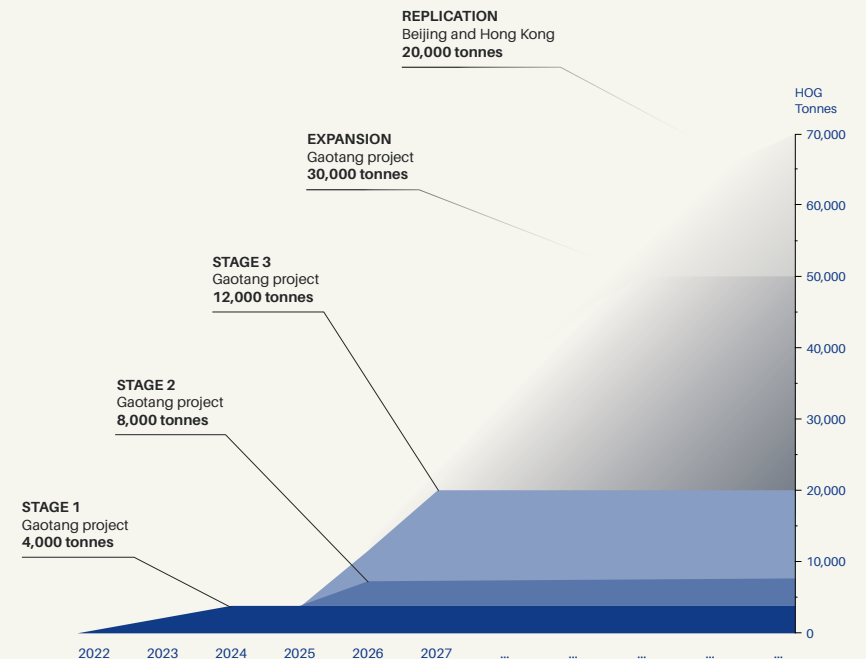
## Strategy

Nordic Aqua A/S, through its 100% owned company in China, Nordic Aqua (Ningbo) Co. Ltd., is well underway in building a RAS-based salmon farm in Ningbo, the first of its kind in China, with an initial annual capacity of 4,000 tonnes. With the capital increase of approximately 199 MDKK (300 MNOK) in March 2023, the company initiated stage 2, enabling an increased production to 8,000 tonnes in 2026. Underlying the company's targeted production volume is an assumption of 127 kg (live weight equivalent, or lwe) per m<sup>3</sup> tank capacity.

### ROADMAP TO 20,000 TONNES AND BEYOND ON GAOTANG ISLAND



### PIPELINE WITH ATTRACTIVE UPSIDE



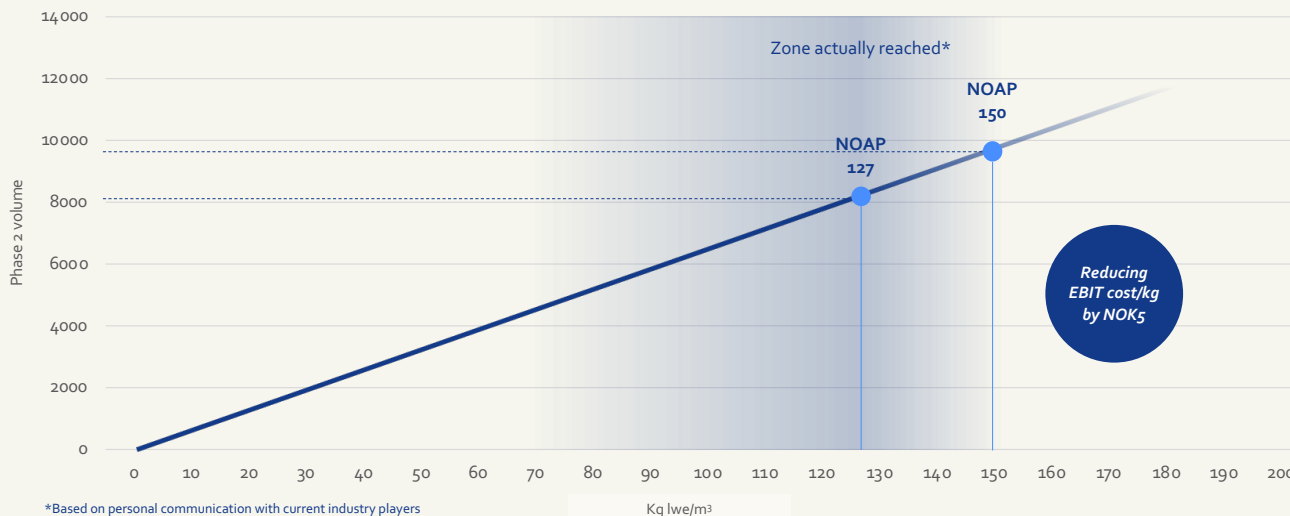
The RAS farm is located on the Gaotang island, in Xiangshan county of Ningbo municipality, providing excellent logistics to Greater Shanghai and the rest of China. The dedicated land area has the potential to accommodate an annual production capacity of 20,000 tonnes, with further expansion option to reach annual capacity of 50,000 tonnes of Atlantic salmon.

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

***Our mission is to be the first to deliver live and locally farmed Atlantic salmon direct to the Chinese consumer***

## ASSUMED PRODUCTION CAPACITY

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



Based on management's own experience and discussions with other industry players, the actual achieved annual production capacity per tank volume for land-based salmon farmers today has been 100 - 135 kg (lwe) per m<sup>3</sup>. In the company's facility in China the assumed production capacity is 127 kg (lwe)/m<sup>3</sup>, which is within that range. If the farm in Gaotang are able to increase output from 127 kg/m<sup>3</sup> to 150 kg/m<sup>3</sup>, the total capacity of stage 2 would increase from 8,000 tonnes to 10,000 tonnes per year.



## Project Execution

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 2027. The company is leasing land, facilities, and infrastructure from the local government at a fixed lease fee, consequently this is not included in the company's capex budget. Financials for stage 3 have not been formalized, but the company expect them to be on similar terms as for stage 2, resulting in a total project cost of MDKK 2,000 (MNOK 2,800) (excluding lease capex).

On 9 March 2022 the company successfully completed the first inlay of eggs to the hatchery. With this, the company entered the next phase, moving from the project phase to early phase production. The eggs introduced in the hatchery are quality eggs produced by Benchmark Genetics Iceland and have been directly imported in accordance with the license issued by local authorities. Since the first inlay of eggs, an additional 4 inlays of eggs have been undertaken from June 2022 to March 2023.

## Project Economics – 3 stages

Expected	Stage 1	Stage 1+2	Stage 1+2+3 (flexibility)
Annual volume tonnes (HOG) <sup>5</sup>	4,000	8,000	20,000
RAS Capex <sup>1</sup> / kg (HOG) <sup>5</sup>	125 NOK	134 NOK	140 NOK
Lease financed capex <sup>2</sup> / kg (HOG) <sup>5</sup>	45 NOK	43 NOK	41 NOK
Working capital / kg (HOG) <sup>5</sup>	27 NOK	28 NOK	25 NOK
EBITDA cost <sup>3</sup> / kg (HOG) <sup>5</sup>	52 NOK	49 NOK	44 NOK
EBIT cost / kg <sup>3</sup> (HOG) <sup>5</sup>	57 NOK	58 NOK	51 NOK

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. Two years average of 21 NOK / kg. HOG

4) This overview is presented in NOK, because the salmon prices are settled in NOK.

5) HOG: Head-on-gutted

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

# Technology



Nordic Aqua is applying leading RAS technology and know-how to develop the land-based salmon farming facility. Nordic Aqua 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 has employed their own RAS team with extensive experience in successful operation of similar RAS systems.

Our technology supplier, 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 the hatchery and RAS 1-3 in a separate 6,200 m<sup>2</sup> smolt building over two floors, which also include offices, service functions, canteen. In this building RAS 11-13 used for smolt production in Stage 2. The larger RAS 4-8 units will be located in the larger 29,000 m<sup>2</sup> production building, where also the purging unit and processing plant will be located.

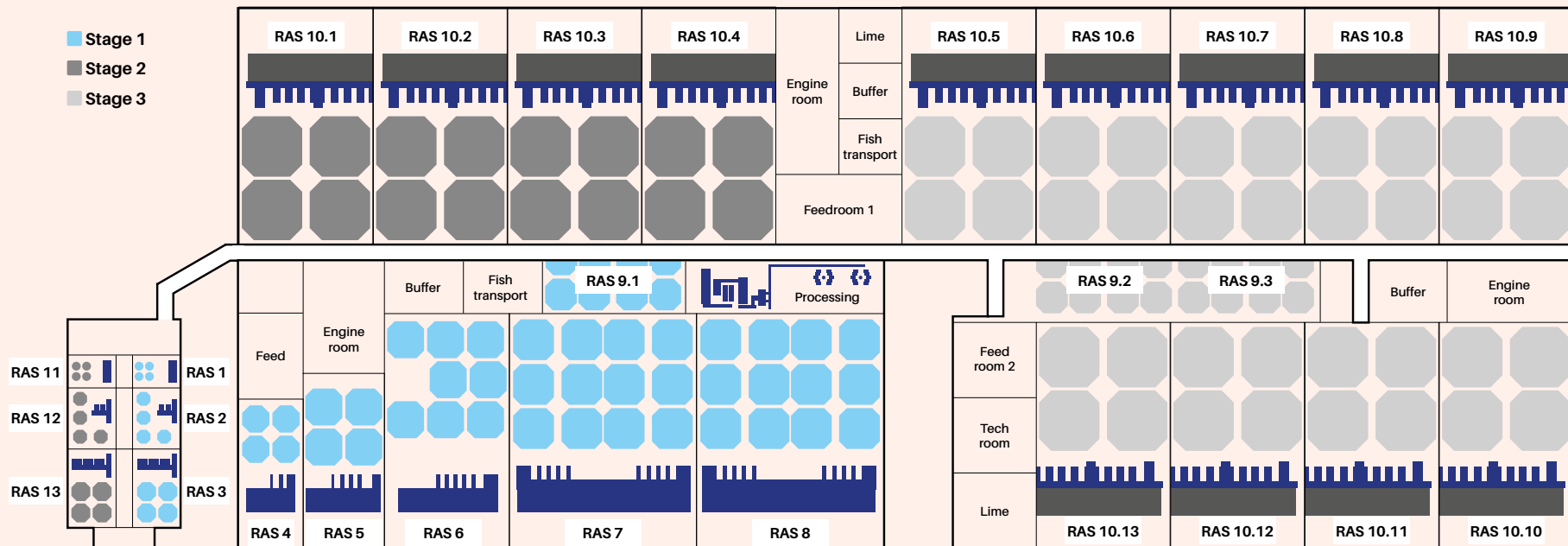
The basic idea with the AKVA RAS systems is to clean the water from the fish tanks so it can be reused and maintain an optimal water quality for the Atlantic salmon. The basic stages in the water cleaning process are:

- Mechanical filter to remove particles
- Biofilter to remove ammonia and keep the water clear
- Degasser to remove CO<sub>2</sub> from the water
- Ozone to clear the water

The water cleaning system is designed with focus on 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.

Nordic Aqua sources 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 the superior quality suitable for salmon farming. Before entering the fish farm, the raw water will be thoroughly filtered with sand filters and cartridge filters down to 5 microns before it is sterilized with UV/ozone for preventing diseases and parasites from entering 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





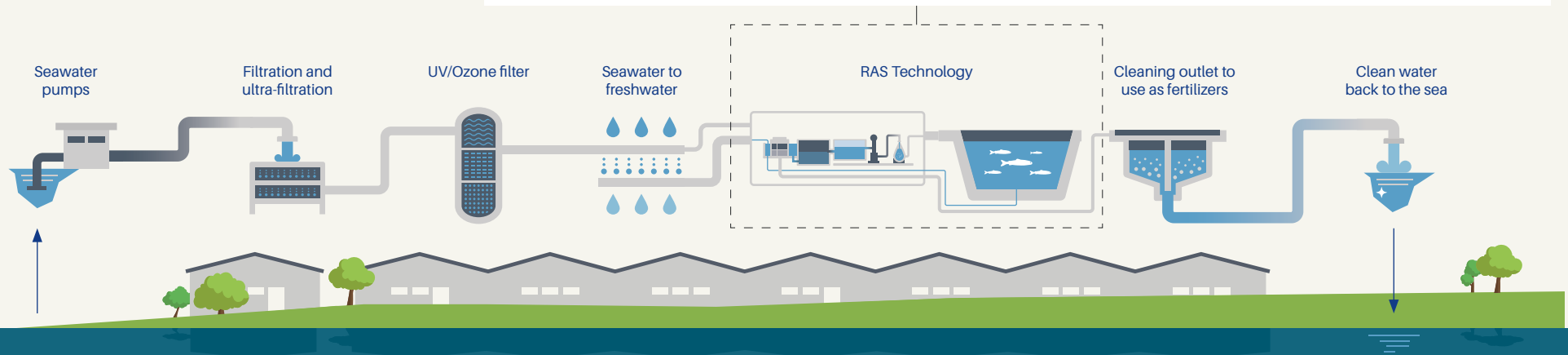
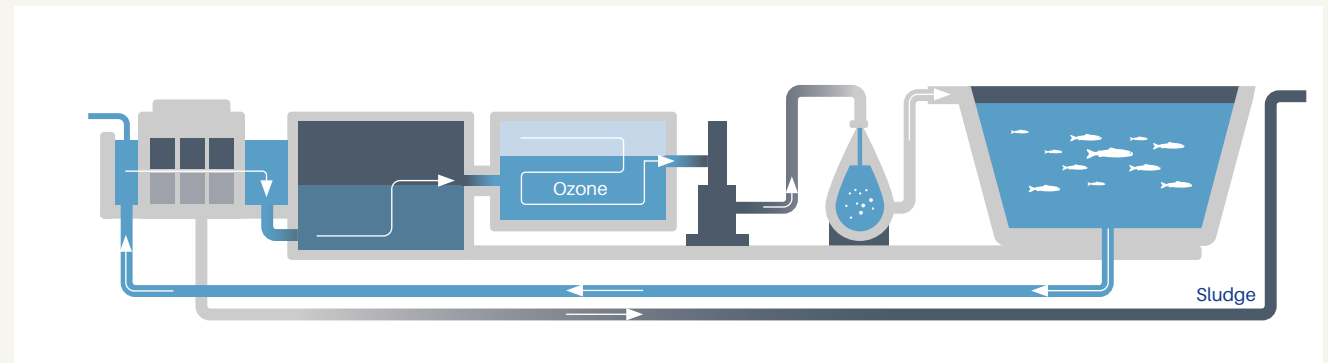
Solar panels  
to produce  
**20-25%**  
OF THE ENERGY  
CONSUMPTION

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



also is the reason that Nordic Aqua has chosen to run the systems with low salinity. This is accomplished by producing freshwater from the seawater with reverse osmosis membrane filters. Our RAS team in Nordic Aqua has decades of experience from operating RAS systems with low salinity, without any major incidents 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 removed particles are excellent fertilizers for neighbouring agriculture.



## Partners

Dedicated support from local government is very important when setting up new businesses in China. Sustainable and RAS-based Atlantic salmon farming is an encouraged business in China, and the local government of Ningbo and Xiangshan have supported the project from the very beginning. This is demonstrated in the Cooperation Agreement already executed between the Xiangshan government and Nordic Aqua (Ningbo) Co. Ltd, in which the government provides land, infrastructure, utilities and tailor-made facilities on a long-term lease at favourable terms, including an option to purchase within the terms. In April 2021, Longyuan Construction Group Co. Ltd., one of the leading construction companies in China, was selected as the main contractor for all infrastructure, utilities, and facilities. Longyuan is aligning construction work with the dynamic and complex ongoing RAS installation work. Nordic Aqua 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. 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 at the current location and contracted land area are in process.

### MAIN PARTNERS



AKVA group has more than 30 years of aquaculture engineering experience. Their team of world leading experts are renowned for designing sustainable recirculation and land-based fish farming systems that are second to none.

As the turnkey supplier of technology, process equipment and the subsequent installation and commissioning, AKVA Group is on site, together with its local subsupplier contracted to do the mechanical and electrical installation. AKVA Group and its subsuppliers share offices with Nordic Aqua's project team and meets with the contractor on regular basis.



Skretting is the global leader in providing innovative and sustainable nutritional solutions and services for the aquaculture industry. Skretting will provide their latest development within specialised RAS feed from their dedicated product line.



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.

Organisation, board of directors and management

## Board of Directors



**Atle Eide**

Chairman of the Board

Atle Eide is Norwegian and has held numerous high-level positions in the seafood industry, as well as in finance and the global agriculture industry. Such positions include CEO of Mowi (Marine Harvest), a company Eide established supported by John Fredriksen and Tor Olav Trøim as lead shareholders, Hydro Seafood; the first global salmon farmer of size. Eide has also been chairman of Norway Royal Salmon and Salmar. Eide was also senior partner in HitecVision, the leading private equity fund in Norway. He was also CEO in Kverneland, at the time a listed company and the largest producer of agricultural implements in the world. Eide is currently chairman of Lake Harvest Group, a leading African Tilapia producer. Eide is an active investor and hold board-member ships in companies where he is invested.



**Aino Olaisen**

Board Member

Aino Olaisen is a Norwegian citizen. She is a owner and now the chairperson in the family controlled company Nova Sea. She has held various board positions in many companies and organisations within the aquaculture sector in Norway and abroad. On a daily basis she runs her own investment company "Aino as", where the main focus is to invest in new technology in aquaculture.



**Knut Nesse**

Board Member

Knut Nesse is a Norwegian citizen, working as CEO of AKVA group ASA, a position he has held since November 2019. Prior to his current positions, Mr. Nesse has extensive experience as a CEO in leading international companies, including six years as CEO of Skretting Group (part of Nutreco) and six years as CEO of Nutreco. Mr. Nesse has vast experience from board positions in several companies.

Mr. Nesse holds an MBA from the Norwegian School of Economics and Business Administration (NHH).



**Therese Log Bergjord**

Board Member

Therese Log Bergjord is a Norwegian citizen, working as CEO of Skretting and member of the Management Board of Nutreco.

Before her current position, Therese previously worked in aquaculture where she held various leading positions across the value chain in salmon feed as global sales director for Skretting, in fish farming and fish processing in Pan Fish (Now MOWI). She worked eight years for Compass Group; a leading food service company and she started her career in the oil and gas industry where she spent 16 years in ConocoPhillips in a number of leadership roles.



**Vegard Gjerde**

Board Member

Vegard Gjerde is a Norwegian citizen. He holds a MSc in Finance from the Norwegian School of Economics (NHH) and works as Investment Director in Kontrari. Vegard represents Kontrari in numerous boards both as Chair, member, and observer.



Organisation, board of directors and management

## Management



### Ragnar Joensen

CEO,  
NOAP

Ragnar Joensen is a Faroese citizen with extensive management experience from the aquaculture industry. Prior to the Company, he worked 17 years as Managing Director at Marine Harvest (now Mowi). He has also been in executive positions at Marine Harvest Faroes, Marine Harvest Norway and Marine Harvest ASA. Furthermore, Mr. Joensen has held several board positions at leading aquaculture companies.

Mr. Joensen holds a M.Sc. in Engineering, Aquaculture from Aalborg University, Denmark, and an MBA from the University of Warwick, UK.



### Hjalti Hvítkeitt

CFO,  
NOAP

Mr. Hjalti Hvítkeitt is a Faroese citizen with experience as CFO and auditor. Prior to this position, he worked as CFO at P/F Pelagos from 2014 to 2021. From 2002 to 2014, he worked as an auditor.

Mr. Hvítkeitt holds a Master of Science (MSc) in Business Administration and Auditing (Cand. merc. aud.) from School of Business and Social Science, Aarhus University.



### Ove Nodland

Chairman and legal representative,  
Nordic Aqua Ningbo

Ove Nodland is a Norwegian citizen but has lived and worked in Ningbo, China since 1999. He has more than 25 years' experience working in Asia in various management positions, including setting up and being the CEO of Nordic Industrial Park in 2002, where he has advised and supported 50 companies in setting up their business operations in China. Ove is the founding partner of Nordic Aqua and initiated the project in 2014. Before moving to China, he held management positions in various companies in Norway.

Mr. Nodland is an Honorary Citizen of Ningbo and is a Qualified Mechanical Engineer from the Stavanger College of Technology.

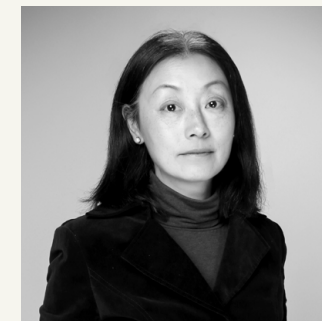


### Arne Knudsen

Project Manager,  
Nordic Aqua Ningbo

Arne Knudsen is a Norwegian citizen but has lived and worked in China for 20 years. He has held various management positions while working in China, most of them as General Manager of TTS Marine, where Mr. Knudsen was in charge of setting up their entire business operations. Before moving to China, Mr. Knudsen has worked in senior positions mostly related to the marine industries and held senior positions with companies such as Reber Shindler Heis AS, Hydralift ASA, Hydralift Marine AS, and TTS Marine ASA.

Mr. Knudsen holds a Machinist exam, Maritime school in Kristiansand, and is a certified Engine and Construction/Design engineer from Ålesund College.



### Catherine Shen

Chief Administration Officer,  
Nordic Aqua Ningbo

Catherine Shen is a Chinese citizen residing in Ningbo. Ms. Shen has extensive experience in setting up and holding management positions with foreign companies operating in China. Ms. Shen has been instrumental in the structuring and development of the company. Ms. Shen has extensive experience in liaising and negotiating with government authorities and bureaux and possesses an in-depth understanding of applicable rules and regulations, taxes and duties, financing, and HR-related issues.

Ms. Shen holds an MBA from BI - Fudan University, a Master's Degree from BI Norwegian Management School, and a Bachelor of laws from the University of International Business and Economics, majoring in international business law.

Organisation, board of directors and management

## Management



### Ola Frøvik

Farm Manager,  
Nordic Aqua Ningbo

Ola Frøvik is a Norwegian citizen (born in 1983) with more than 11 years of RAS salmon farming experience. He has held various positions within the industry, including positions as Managing Director of Vågafossen Settefisk AS and Operation Manager of MOWI, Vågafossen. As Farm Manager, Ola will be responsible for the entire RAS operation, including the important task of implementing best farming practices and training local RAS operators.

Ola Frøvik has during his carrier within the aquaculture industry attended a variety of programs and courses at University Nord, NTNU and UIB within production biology, fish health and WM6010-RAS.



### Matthew Bell

Technical Manager,  
Nordic Aqua Ningbo

Matthew Bell is a British citizen with a solid mechanical engineering background, specialising in remote area work. He gained his experience in RAS farming in Arctic Norway.

Prior to working with RAS farming, Mr. Bell worked as a mechanical engineer for the British Antarctic Survey, maintaining and building mechanical systems at a research station and also in deep field Antarctica.

Mr. Bell also has experience as a technical specialist/trainer for a German mechanical handling company.

Mr. Bell is a qualified mechanical engineer from Barnfield Technical College, UK.



### Bergur Magnussen

Assisting Farm Manager,  
Nordic Aqua Ningbo

Bergur Magnussen is a Faroese citizen with more than 30 years of experience in producing salmon and trout in flow-through and RAS systems. Bergur has held various managerial positions in the Faroese and Danish aquaculture industry and has worked as an independent fish farmer over the past 12 years.

Mr. Magnussen has been responsible for the production of hundreds of fish groups in his career. In addition, he has been responsible for the construction of several land-based systems through his management positions as well as he has assisted as advisor in other companies.



### Johan Toftegaard

RAS and fish production expert,  
Nordic Aqua Ningbo

Johan Toftegaard is a Faroese citizen with more than 20 years of experience in producing salmon in RAS systems. He comes from the position as Freshwater Manager at MOWI Faroe Islands.

Mr. Toftegaard is a mechanical engineer and has been responsible for the construction of several land-based systems at MOWI and as a consultant in other companies.

Mr. Toftegaard will assure that his extensive experience and know-how are considered during design and construction of the RAS system and will be responsible for setting up and implementing RAS operational procedures and practices.

Continues on next page →

Organisation, board of directors and management

## Management



### Yong Tan

Construction Quality Manager,  
Nordic Aqua Ningbo

Yong Tan is a Chinese Citizen residing in Shanghai. Mr. Tan has 20 years' experience in quality management and project management in various multinational companies, with more than 10 years in management position.

Mr. Tan is good at quality management, problem solving, process improvement, team management and data analysis. He has extensive project management experience mainly in shipbuilding, offshore, and oil & gas industries.

Mr. Tan is a Lean Six Sigma Black Belt, ISO9001 lead auditor, and holds a College Diploma in Marine Engineering from Bohai Shipbuilding Vocational College and an MBA from Shanghai University.



### Høgni Lómstein

Processing Manager,  
Nordic Aqua Ningbo

Høgni Lómstein is a Faroese citizen with more than 20 years of processing experience with Atlantic Salmon.

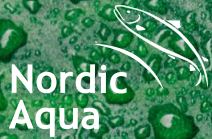
Mr. Lómstein has a degree from the Faroese Fisheries School and has been responsible for design and operations at different Atlantic Salmon processing plants in the Faroe Islands.

Mr. Lómstein will assure that his extensive experience and know-how are considered during design and construction of the Processing Facility at Gaotang Island and will be responsible for setting up and implementing processing procedures and practices.

### Company's Management Profile

The Nordic Aqua A/S registered office is located at Dagmarsgades Vandtårn, Hundegade 1, 6760 Ribe, Denmark, and serves as the business address for the members of the Management in relation to their positions in the Company.





Environmental, Social and Corporate Governance

# Sustainability at Nordic Aqua



# ESG topics that matter the most

In early 2023 we embarked on a materiality assessment to help us determine the environmental social and governance (ESG) topics which are most relevant to our business today.

Nordic Aqua has just started to report about ESG, why the ESG report does not constitute a compliant report according to Danish GAAP § 99a and 99b.

We surveyed and interviewed a representative sample of internal and external stakeholders to get their views on most material risks and opportunities, determined both by local and international drivers.

This process has helped us narrow in on the most critical dependencies and impacts we have on natural, human and relationship capital so we can build a sustainable business. A more focused approach will help us meet our stakeholders needs as well as getting a deeper understanding of how we can enable people to **eat sustainably**; how we can **tread lightly** and encourage others to as well; and how we can support people to **live well**. These will be the three pillars under which we will organise our work.

Our ESG reporting has been developed with reference to the SASB Meat, Poultry & Dairy Standard and Coller FAIRR Index reporting categories. In future, we plan to align our reporting with SASB, where possible.

A summary of the ESG issues we plan to prioritise in this first stage of our strategy is presented in the following pages.



## EAT SUSTAINABLY

Atlantic Salmon for healthy families



## TREAD LIGHTLY

Local food for a sustainable planet



## LIVE WELL

Healthy corporate citizenship



ESG topics that matter the most

## Eat sustainably

For us, this means high-welfare, high-quality, food which sustains our customers' health.



### What's important and why

#### Fish health and welfare

This is one of, if not the most important focus for us. Ensuring the optimal welfare of our salmon is critical. This means following leading standards spanning the salmon's life under our care. Here we also see a responsibility to demonstrate responsible leadership by developing new standards in China, where where Atlantic salmon land-based aquaculture is in its infancy.

#### Customer health

Farmed Atlantic salmon is a rich source of omega-3 fatty acids, minerals, and vitamins. Health authorities worldwide are recommending a higher intake of marine protein, especially oil-rich fish like Atlantic salmon to prevent cardiovascular diseases. In Nordic Aqua, we will ensure high nutritional value through the feed we chose and secure food safety through strict hygiene standards.

#### Customer satisfaction

Producing food is close to market is one of our unique selling propositions. As well as the numerous environmental benefits this goes hand-in-hand with, it will enable us to offer customers a high quality product which reaches customers quickly. Having our customers recommend our salmon, will be a key indicator of a successful strategy.





ESG topics that matter the most

## Tread lightly

For us, this means being mindful of the demands and impacts we place and have upon the planet.



### What's important and why

#### Climate

Our key purpose is to produce low-carbon food, close to market. Our climate and energy strategy will be focused firstly on ensuring that neither we nor our suppliers contribute to climate change. As well as avoiding carbon-intensive transportation, we will be producing and using renewable energy to run our operations and working with suppliers who do the same. Secondly, we will be making choices which consider future climate risks.

#### Water & resource use

The global food system is responsible for the single most significant demand and impact on natural resources, including fresh water. In China, freshwater is generally a scarce resource. As this natural resource comes under further pressure, it will become more important to find the most water-efficient production methods. As well as maintaining low use of water per kilo of salmon we produce, we will also be ensuring that the feed we buy from our suppliers does not exploit natural resources unsustainably and can be traced back to its source.

#### Land-use & biodiversity

Food production is also a direct driver of biodiversity loss, whether it be through deforestation of land, or in-

troduction of alien species. For us this will mean avoiding and minimising potential negative impacts on biodiversity at every stage of the value chain. This includes impacts on other wildlife or ecosystems, for example, from fish escapes to the careful procurement and efficient use of feed.

#### Waste & pollution

Another driver of biodiversity loss is pollution of natural systems. For us this will involve avoiding and minimising pollution of the environment at each stage of the value chain, including effluents from production, and the potential indirect waste pollution from end-of-life stage of our products.

#### Investment into innovation, research and development

Our company is breaking new ground in the world's fastest growing food system. Our business model and market approach is in itself innovative, particularly in the Chinese market. Staying at the forefront of innovation to ensure a leading approach to sustainability and value creation will be a key priority as we develop the business.



ESG topics that matter the most

## Live well


For us, this means creating meaningful jobs which respect and promote the right for our people and those in our supply chain, to live well.



### What's important and why

#### **Working conditions and human rights across the value chain**

Respecting human rights of workers is a material issue in all supply chains. In countries where regulation or best-practice may be lacking, it is all the more important for employers to have policies in place which ensure these rights are recognised and protected. This will be the same for us. We will be ensuring our employees have the best conditions to thrive at work.

 **Meaningful work, engagement and work culture**  
Our company is young and brings together people from different cultures and with different ways of working. Engaging people in our values, getting them behind purpose and creating the right company culture is paramount if we are to break new ground in food production in China. This is the first building block in our journey.

#### **Workforce diversity**

Building a gender diverse team will make our company stronger. We recognise our continued success depends on our capability to attract, recruit and develop a diverse and highly skilled group of employees. This includes people from different cultures, languages, customs, competences and ways of working.

#### **Ethical business conduct & compliance**

For us this means promoting standards of good business practice throughout the value chain and going beyond compliance with relevant laws, regulations and local and international standards, where we can. This includes a policy of zero-tolerance of corruption.

#### **Community investment, relations and engagement**

We are creating meaningful and safe jobs in a declining traditional fisheries community. Our company is modernising aquaculture in China and building a sunrise industry in the region. As well the creation of new jobs, it is important that we remain closely connected with the community and listen to their views on how our company develops.

# Our plan to manage these issues

In early 2023, we developed and revised our ESG strategy based on the material issues on page 23. Our areas of focus and approach will evolve as our business matures and as we develop our understanding of our material issues and the various international frameworks, standards and regulations connected to them.

Through our business model and our approach to creating value for society, we are already positively contributing to a number of the UN Sustainable Development Goals. We will be looking for ways to increase the potential positive contribution to other goals and taking responsibility to mitigate potential negative impacts on other goals. Below is an outline of how our approach is mapped to the goals. In our next report, we will include a more detailed update on how we are contributing to the targets under relevant goals.







Our plan to manage these issues

## Eat sustainably

Atlantic Salmon for healthy families



Atlantic salmon a healthy protein and rich source of omega-3 fatty acids, minerals, and vitamins. To ensure the highest quality and cleanest product, we are raising our salmon free from pollution and antibiotics.

### OUR APPROACH AND GOALS

#### Fish health and welfare

Our approach is to have our Atlantic salmon swim in pristine water, securing good fish welfare. By following the best available standards to raise our salmon in well-controlled environments, the loss of fish in production will be minimised and during food processing. Our Quality function closely monitors and documents fish health welfare, ensuring optimal conditions at every stage of the production process.

#### Our goals are to:

- Achieve and maintain a market-leading survival rate by 2025
- Adhere to the strictest animal welfare standards by 2025
- Support Chinese market to establish a leading land-based aquaculture standard by 2025

#### Customer health

Our approach in Nordic Aqua is to secure food safety through the strictest hygiene standards as well as raising our fish free from antibiotics, parasites, and hormones. We also will

#### Our goal is to:

- Certify operations by Global-GAP and ASC by 2024

#### Customer satisfaction

Our approach to meeting customer needs will be leading. Serving the local market will enable us to get our product to our customers quickly without compromising its quality. We are also committed to ensuring our values, customer service, and high safety standards are translated through the value chain all the way to our end customer.

#### Our goal is to:

- Achieve a Net-Promoter Score above average for Chinese market by 2025



Our plan to manage these issues

## Tread lightly

Local food for a sustainable planet

Atlantic salmon farming is one of the most efficient ways of using natural resources to produce a healthy protein: it has a low carbon footprint, high energy and protein retention efficiency and low water footprint.

### OUR APPROACH AND GOALS

#### Climate

Our approach is to develop a climate resilient company and value chain and with market-leading low GHG emissions. We will ensure we do not contribute to climate change, firstly by maintaining low operational emissions through use of renewable energy (scope 1 and 2); and secondly by avoiding carbon-intensive transportation, and only working with suppliers who have public commitments to minimise their emissions (scope 3).

#### Our goals are to:

- Have 80% use of renewable energy sources by 2025 (scope 1 and 2)
- Engage suppliers in net-zero emissions approach by 2025 (scope 3)

#### Water & resource use

Our approach at a local level, is to source all our own freshwater from the adjacent sea to avoid competing with local agricultural activities which depend on the same freshwater. We are also using RAS (recirculating aquaculture systems) technology to recirculate water. Though RAS uses a limited amount of freshwater, we have added the “Zero Water” cleaning systems, reducing the freshwater consumption to 10% of standard systems. So, instead of the normal consumption of around 400 L of freshwater per kg produced fish, the Zero Water system can take the consumption down to 40 L of freshwater per kg produced fish. To ensure sustainable resource use to produce our feed, we are procuring feed from suppliers who have targets to have full traceability of their feed ingredients.

#### Our goals are to:

- Achieve lowest use of freshwater per kilo of salmon on the market, with an initial target of 100 L per kilo by 2024
- Achieve and maintain 100% traceability of feed raw materials by 2024



#### Land-use & biodiversity

Our approach is to ensure that all our activities have minimal influence on biodiversity, both in our local area by raising our salmon in a protected closed contained environment on land, and internationally in our supply chain through approach to responsible procurement. Where we have the possibility, we will avoid or minimise our impacts. To begin this journey, we will be focusing on key areas of material impact we can have. Later we will consider the possibility of a further assessment of our impacts on different natural systems.

#### Our goals are to:

- Achieve and maintain zero deforestation in supply chain by 2024
- Maintain zero escapes or impact on indigenous fish species (ongoing)
- Achieve and maintain a market leading Feed Conversion Ratio by 2024
- Have 100% of feed ingredients independently certified as sustainable by 2024



Our plan to manage these issues

## Tread lightly

Local food for a sustainable planet



### Waste & pollution

Our approach to waste and pollution begins with our operational waste. China does not have specific regulation for treating effluents from recirculated aquaculture systems, but together with the local authorities, we have set a high standard to ensure minimal impact on the neighbouring ocean. Since we are producing Atlantic salmon in low saline water, the collected waste from effluents is well-suited as fertilisers to local agriculture and farmers.

#### Our goals are to:

- Work with experts to minimise potential environmental impacts from effluents
- Demonstrate responsible leadership in approach to waste management (ongoing)
- 100% of packaging will be reusable, recyclable or compostable by 2025

### Investment into innovation, research and development

Our approach is to use cutting-edge technology and expertise to set up the first fully integrated and commercially scaled Recirculating Aquaculture System (RAS) farm in China. Remaining at the forefront of the fastest-growing food system, will be a key driver of our strategy. We will be investing resources into research and the development of innovative solutions which drive our sustainability.

#### Our goal is to:

- Receive recognition for being at the forefront of investment into innovation by 2024





Our plan to manage these issues

## Live well

Healthy corporate citizenship



Establishing an innovative land-based Atlantic salmon farm will create shared value for local communities through the creation of new jobs, the sharing of skills and knowledge, the demonstration of responsible leadership and extension of our values through our supply chain.

### OUR APPROACH AND GOALS

#### Working conditions and human rights across the value chain

Our approach will be focussed first on developing robust company policies which follow the UN Guiding Principles on Business and Human Rights, and Declaration of the ILO on Fundamental Principles and Rights at Work. These will be incorporated into our Code of Conduct. Our health and safety standards will be kept at the highest level by systematically monitoring and preventing incidents through training.

##### Our goals are to:

- Track our most material human rights risks and incorporate into Code of Conduct by 2024
- Conduct a social responsibility audit by 2025
- Train all employees in chosen HSE standard by 2024

#### Meaningful work, engagement and work culture

Our approach is to increase the regional social recognition of the aquaculture industry by being a modern and attractive employer. We offer extensive employee benefits – insurance for employee and family, career progression plans, and incentive bonuses. We will be focussing on bringing together different cultures and ways of working through single set of values to deliver our strategy.

##### Our goal is to:

- Develop and train 100% of employees in company strategy and ways of working by 2024

#### Workforce diversity

Our approach is to build a diverse workforce by putting into practice policies that recognise the value of people from different cultures, languages, customs, competences and ways of working. Our main focus to begin with, will be ensuring our recruitment supports gender diversity.

##### Our goals are to:

- Reach a 30:70 gender balance between women and men across our workforce by 2025
- 40% women in leadership roles by 2025

#### Ethical business conduct & compliance

Our approach is set standards of behavior which we can expect from one another and which external parties can expect from us. This is crucial if we are to build and maintain trust, locally and internationally. To do this, we must have all employees following our Code of Conduct for ethical business behaviour. Our experienced management team in China will continue the policy of zero tolerance of corruption.

##### Our goal is to:

- Develop a new Code of Conduct and communicate to all employees by 2024, and all suppliers by 2026



Our plan to manage these issues

## Live well

Healthy corporate citizenship



### Community relations and engagement

Our approach is to ensure open and transparent communication with stakeholder groups and communities. We respect the integral role we play in the local communities in which we work. To develop a more systemic approach to community engagement, we will be following the recommendations from the ASC standard, which outlines the importance for farmers to show care for their surrounding neighbours and communities.

#### Our goal is to:

- Develop community engagement programme by 2025

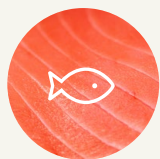


# Our ESG progress in 2022

In 2022, we made considerable progress on the ESG strategy. With a new articulated ESG strategy we have now begun a more targeted approach to collecting and monitoring data. This, coupled with a more advanced stage of production, will enable us to improve our annual reporting on our ESG priorities in 2023. Below is a summary of the key progress we made in 2022.









Our ESG progress in 2022

## Eat sustainably

TOPIC	NEW GOAL	2022 UPDATE
 Fish health & welfare	Achieve and maintain a market-leading survival rate by 2025	Given our stage of production, we are not yet able to report this, but indications so far are very positive.
	Adhere to the strictest animal welfare standards by 2025	We are currently looking into different standards to find most appropriate for our operating context.
	Support Chinese market to establish a leading land-based aquaculture standard by 2025	RAS based farming of Atlantic salmon is a new to China. We have therefore made our knowledge and experience available to relevant authorities in the ongoing process of amending existing standards to this new principle of on-land RAS based Atlantic salmon farming.
 Customer health	Certify operations by Global-GAP and ASC by 2024	We have begun by conducting a gap analysis. We will now begin implementing the necessary measures meet these standards, which we will aim to do once we have reached a more advanced stage in our production.
 Customer satisfaction	Achieve a Net-Promoter Score above average for Chinese market by 2025	We will begin measuring this once our product is ready for market.



Our ESG progress in 2022






## Tread lightly

TOPIC	NEW GOAL	2022 UPDATE
 Climate	80% use of renewable energy sources (scope 1 and 2) 2025	In 2022, we were not fully operational and were using very little energy. We will be installing solar panels by end of 2023 and begin setting up GHG reporting across the business.
	Engage suppliers in net-zero emissions approach by 2025	Though we have not yet incorporated this into our procurement policy, we are already selecting our suppliers based on their approach to climate. One of our largest suppliers, Skretting, has committed to the Science Based Targets initiative (SBTi) that they will reduce 30% of scope 1 & 2 emissions and 58% of scope 3 emissions. In 2022, we also began work to get licenses for green energy from our electricity company.
 Water & resource use	Achieve lowest use of freshwater per kilo of salmon on the market, with an initial target of 100 liters per kilo by 2024	In 2022, we were using 125 liters per kilo of feed.
	Achieve and maintain 100% traceability of feed raw materials by 2024	We source our feed from Skretting who is focused on this goal, with a commitment to have all agricultural vegetable products traced back to the country of cultivation by 2022 and a commitment to publish the origin and environmental sustainability of wild-caught and farmed seafood sourced by global operations through the Ocean Disclosure Project.
 Land-use & biodiversity	Achieve and maintain zero deforestation in supply chain by 2024	The main focus here will be initially on fish feed, and will be dependent on our supplier Skretting, who committed to carrying out an analysis in 2022 to understand the risks of deforestation and conversion in their supply chain. They also have a commitment to have all purchased soy and palm deforestation-free by 2025.
	Maintain zero escapes or impact on indigenous fish species (ongoing)	Zero escapes reported in 2022.
	Achieve and maintain a market leading Feed Conversion Ratio by 2024	We will report this in our next ESG report, once we are at a more mature stage of production.
 Waste & pollution	Have 100% of feed ingredients independently certified as sustainable by 2024	Our feed supplier, Skretting, has a goal to source 100% of marine ingredients from sources audited and certified by Marine Trust or MSC.
	100% of packaging will be reusable, recyclable or compostable by 2024	We are looking into recovery and reuse programmes for the packaging we will use, until we are able to commit to fully recyclable options.
	Work with experts to minimise potential environmental impacts from effluents by 2023	The effluents from our operations are carefully treated for all organic particles before the cleaned water is led back to the ocean. In 2022, we begun a collaboration with the University of Wuhan department in Ningbo. We will report progress in 2024.
 Investment into innovation, research and development	Demonstrate responsible leadership in approach to waste management (ongoing)	We have accepted strictest waste management standard the local government. The effluent cleaning system we are building will be market leading in China. In 2023 initiating discussion with suppliers such hired a company to do that - will have data in 2023
	Receive recognition for being at the forefront of investment into innovation by 2024	We will be applying for grants for investments into innovation to enable us to reach this goal.



Our ESG progress in 2022

## Live well

TOPIC	NEW GOAL	2022 UPDATE
 Working conditions and human rights across the value chain	Track our most material human rights risks and incorporate into Code of Conduct by 2024	While we already have a handbook which outlines our approach to human rights, we will be working on incorporating international declarations into new code of conduct and then begin tracking our greatest risks.
	Conduct a social responsibility audit by 2024	We will begin this in 2023.
	Train all employees in chosen HSE standard by 2024	We have begun develop a framework for this. Though we have not yet set targets around employee wellbeing, we are monitoring this and are setting up a system to monitor LTI and absenteeism.
 Meaningful work, engagement and work culture	Develop and train 100% of employees in company strategy and ways of working by 2024	This will commence in 2023. We will also be launching employee satisfaction survey
 Workforce diversity	Reach a 30:70 gender balance between women and men across our workforce by 2025	Currently, 3 females out of 11 persons up from manager level, 27%. 7 females out of 31 persons of workforce, 22.5%.
	40% women in leadership roles by 2025	In 2022, 23% of our Management Team was female, and 0% of Board of Directors was female. In early 2023 we have made some new appointments to address this imbalance.
 Ethical business conduct & compliance	Develop a Code of Conduct and communicate to all employees by 2024, and all suppliers by 2026	In 2022, we begun by training for key employees on Anti-bribery and corruption.
 Community investment, relations and engagement	Develop community engagement programme by 2025	While we are in regular contact with the local government and other community representatives, we will be developing a more systematic approach.





# Corporate Governance

# Corporate Governance

As a company admitted to trading on Euronext Growth in Oslo, Nordic Aqua A/S is not formally subject to the Danish Committee on Corporate Governance recommendations or other good governance guidelines and not required to publish a corporate governance report according to Danish GAAP § 107b, why this does not constitute a fully compliant report. However, the Company has established and is developing practices aligned with relevant recommendations for good corporate governance to ensure the Company is able to effectively manage its obligations to shareholders, customers, employees, authorities and other stakeholders.

## Dialogue between the Company and its shareholders

The communication between Nordic Aqua and shareholders primarily takes place at the Company's AGM and via company announcements. Shareholders are encouraged to subscribe to the email service to receive company announcements, interim and annual management statements, and reports, as well as other news via e-mail.

## The General Meeting

The General Meeting (GM) has the highest authority over the Company. The Board of Directors ensures that shareholders are given detailed information and an adequate basis for decisions where votes are to be taken by the GM. The GM elects the Board of Directors, which currently consists of five members.

Name	Role	Considered independent of main shareholders	Served since	Term expires	Participation Board meetings 2022	Indirect shares in NOAP end 2022	Direct shares in NOAP end 2022
Ragnar Joensen	Chair	Yes	Nov. 2017	March 2023	8 of 8	149,000	0
Ove Nodland	Director	Yes	Nov. 2017	March 2023	8 of 8	604,700	27600
Jan Petersen	Director	Yes	May 2018	May 2022	5 of 5	0	0
Knut Langeteig	Director	Yes	May 2018	May 2022	5 of 5	45,500	0
Knut Nesse	Director	Yes	Sept. 2020		8 of 8	0	0
Tore Hopen	Director	Yes	May 2022	March 2023	3 of 3	0	0
Vegard Gjerde	Director	No	May 2022		3 of 3	10,000	0

**Amendment of Articles of Association**

Unless otherwise required by the Danish Companies Act, resolutions to amend the Articles of Association must be approved by at least 2/3 of the votes cast as well as at least 2/3 of the voting share capital represented at the GM.

**Board responsibilities**

The Board of Directors' main tasks include participating in, developing, and adopting the Company's strategy, performing the relevant control functions and serving as an advisory body for the executive management. The Board of Directors reviews and adopts the Company's plans and budgets and considers items of major strategic or financial importance. The Board of Directors is responsible for hiring the CEO and executive management, defining his or her work instructions as well as determining of his or her compensation. The Board of Directors periodically reviews Company policies and procedures to ensure that the Company is managed in accordance with applicable law, observing good corporate governance principles and upholding high ethics.

**Financial reporting**

The Board of Directors receives regular financial reports on the Company's business and financial status.

**Notification of meetings and discussion of items**

The Board of Directors schedules regular meetings each year. Ordinarily, the Board meets six times a year as a standard. The meetings are typically conducted as either physical meeting, or via video conference. Additional meetings may be convened on an ad hoc basis. In 2022 the Board of Directors met 8 times.

All Board members receive regular information about the Company's operational and financial progress in advance of the scheduled Board meetings. The Board members also regularly receive operations reports and participate in strategy reviews. The Company's business plan, strategy and risk management are regularly reviewed and evaluated by the Board of Directors. The Board members are free to consult the Company's senior executives as needed. The Board of Directors approves decisions of particular importance to the Company including the strategies and strategic plans, the approval of significant investments, and the approval of business acquisitions and disposals.

**Conflicts of interest**

In a situation involving a member of the Board of Directors personally, this member will exclude him or herself from the discussions and voting on the issue.

**Use of Committees**

The Nordic Aqua Board has not appointed any Board Committees but will consider future implementation hereof as the Company develops and grows.

**The Board's self-evaluation**

The Board of Director's composition, competencies, working methods and interaction are discussed within the Board on a recurring basis and evaluated formally on an annual basis. The Board composition is considered satisfactory in terms of professional experience and relevant special competencies required to perform the tasks within the Board of Directors. All the Board members are independent and none of the Board members participate in the day-to-day operation of the Company.



Nordic  
Aqua

# Market



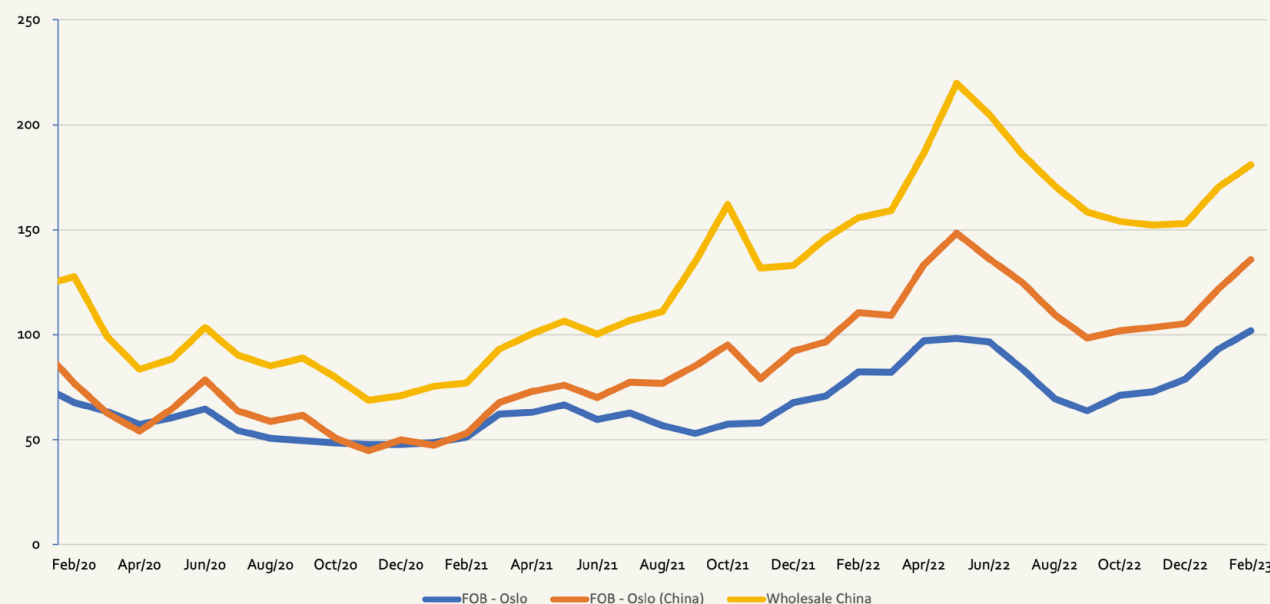


# Market

China is by far the largest consumer and producer of seafood in the world, and according to the OECD, China is expected to account for 51% of global consumption growth over the next 8 years. Atlantic salmon is still relatively new to Chinese consumers, resulting in an estimated modest relative consumption of ~100,000 tonnes in 2023. However, Kontali expects consumption to grow to 250,000 tonnes within 2030. 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. Being the first provider of locally farmed and day-fresh Atlantic salmon to the Chinese market, we will introduce an attractive alternative to Chinese consumers.

China customs statistics has official data on import prices of fresh Atlantic salmon before customs clearance. By adding import taxes and handling costs, it is possible to project wholesale prices. The Export Price graph illustrates the strong wholesale prices in China during 2022. Wholesale prices peaked in May with NOK 220/kg HOG and by year end the prices were at NOK 153/kg. By using projected forward Atlantic salmon price to China of NOK 87/kg from Fish pool 2022 and adding known import taxes and handling costs only, this concludes with a cost to the importer of NOK 140-146/kg.

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



- Market prices for fresh Atlantic salmon are expected to remain high even after current pandemic restrictions have been eased and airfreight costs reduced due to increased capacity.
- We therefore expect to see attractive margins for our locally farmed Atlantic salmon also in 2024, our first year at full capacity
- In December 2022, wholesale prices in China were NOK 153/kg HOG and with an EBIT cost/kg at NOK 51 the implied margin would be NOK 102/kg.
- Relative to FOB-Oslo prices at NOK 79/kg HOG, the extra margin in China in December was NOK 74/kg HOG.

This is well below wholesale prices, which management observes to be varying from NOK 190-215/kg based on various local market sources and freshness. Nordic Aqua appreciates that the global prices for Atlantic salmon in very dynamic, however we have reasons to believe that the margins will remain very attractive in spite of the dynamics in the global pricing of Atlantic salmon.

Nearly 100% of all Atlantic salmon consumed in China is imported, mostly by airfreight as chilled salmon. Current restrictions caused by the pandemic have resulted in complicated packaging and customs clearance restrictions. This, combined with reduced airfreight capacity, has resulted in very high prices of Atlantic salmon. We do expect these restrictions to ease and the capacity of airfreight to improve; however, the cost of imported Atlantic salmon will continue to be high, and the Chinese consumers will be willing to pay a premium price for locally farmed and high-quality Atlantic salmon available within hours after being harvested.

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 the importer's risk of having to place spot orders ahead of sales.

#### Unique setup to meet market trend

Guaranteed freshness, food safety and quality are of extreme importance to Chinese consumers. With basically all Atlantic salmon being imported, Chinese consumers are not always convinced of actual origin, freshness and quality when ordering their Atlantic salmon. Our locally farmed Atlantic salmon will guarantee freshness and quality, with full traceability, expected to be well received by local consumers.

The global shopping habits have changed towards online shopping and direct home deliveries. China is leading this change, with +50% of their retail done online. A great number of companies are now guaranteeing delivery of fresh groceries at the doorstep within less than one hour from ordering, and predictions indicate that online shopping and home deliveries will continue to grow. An ever-increasing number of specialized companies within this fast growing segment continue to deliver a broader range of high-quality seafood, including strategies to work closer with farmers to reduce costs, shorten delivery times and increase flexibility, without jeopardizing quality and freshness.

We are currently the only company in China capable of meeting such demand for fresh Atlantic salmon, and we have therefore initiated discussions with leading companies and portals to prepare for cooperation from harvesting all the way to the end consumer based on this new future in retail shopping.





# Board of Directors report

# Board of Directors report



Nordic Aqua A/S (NOAP) is a public limited liability company incorporated in Denmark on 10 November 2016, organized and existing under the laws of Denmark pursuant to the Danish Companies Act. NOAP was listed on Euronext Growth in Oslo on 2 December 2020, under the ticker "NOAP".





The company is in the process of transferring the jurisdiction of incorporation of Nordic Aqua A/S from Denmark to Norway, through a cross border merger between the Danish entity Nordic Aqua A/S and the Norwegian entity Nordic Aqua AS. The Company's business will be continued in Nordic Aqua AS as a Norwegian private limited liability company.

The merger will be completed in accordance with the provisions of chapter 13 of the Norwegian Private Limited Liability Companies Act and chapter 16 of the Danish Companies Act. Completion of the merger is subject to customary conditions being fulfilled, including approval by the general meeting of each of the merging companies. The changes to company's legal structures have no implications for existing shareholders, see page 53.

Upon the merger being finally completed by the company registries in both Denmark and Norway, the shares of



***The company is in the process of transferring the jurisdiction of incorporation of Nordic Aqua A/S from Denmark to Norway, through a cross border merger between the Danish entity Nordic Aqua A/S and the Norwegian entity Nordic Aqua AS.***





the Danish company will be deleted while at the same time the new shares of the Norwegian company will be issued and delivered to the investors. Technically, in the VPS, the deleted Danish shares will be substituted by the new Norwegian shares with a new Norwegian ISIN number through an ISIN swap. In other words, there will be no actual security movements taking place on the VPS accounts of the investors. Their shareholding in the VPS account will remain the same, except that the ISIN number and name of the issuer will have changed.

The 100% owned subsidiary, Nordic Aqua (Ningbo) Co., Ltd, is a private limited liability company organized and existing as a Wholly Foreign Owned Enterprise under the Law of the People's Republic of China (the "PRC"). The RAS Atlantic salmon farm will be operated and managed by Nordic Aqua (Ningbo) Co., Ltd, located in Xiangshan county of Ningbo municipality.

### Principal activities

The Group's main activity is investments in breeding systems for fish and shellfish as well as installing and operating these systems.

### Group structure

The Group comprises two entities. Nordic Aqua A/S acts primarily as a holding company to its 100 % owned subsidiary registered in China.



# Operations

## PROJECT STATUS

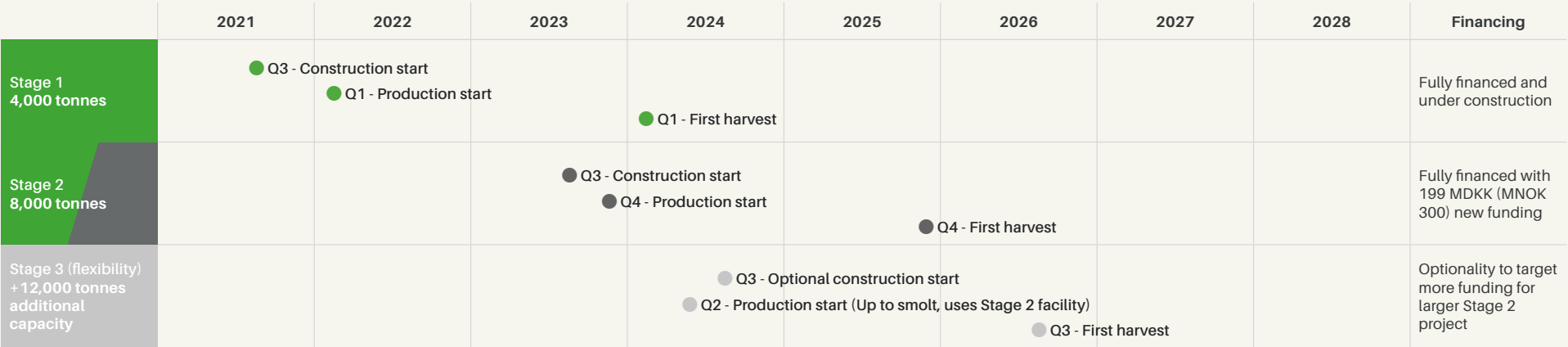
Following completion of the equity financing in Q4 2020, construction commenced in Q2 2021. Stage 1 of the project continues to develop on time and within budget. Since completion of the building for administration, hatchery facility and RAS 1, 2 and 3 (“the small building”) in Q1 2022, focus has been on installation and commission of the actual process equipment. Fish were introduced into RAS 1 in June, in RAS 2 in August and in RAS 3 in November 2022. Project execution has been excellent.

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) were completed in June, ready for installation of the RAS process equipment in due course.

Construction of the large building, housing RAS 4-8, purging and processing plant, has progressed well. All piling and foundation work was completed in Q2 - 2022, and construction of filter basins and fish tanks, as well

as underground piping for RAS 4 - 9 is now completed. Fish were introduced to RAS 4 in February 2023 and RAS 5 fish will be introduced in May 2023. RAS 6-7 and 8 are expected to be completed during H2 2023.

## PROJECT MILESTONES



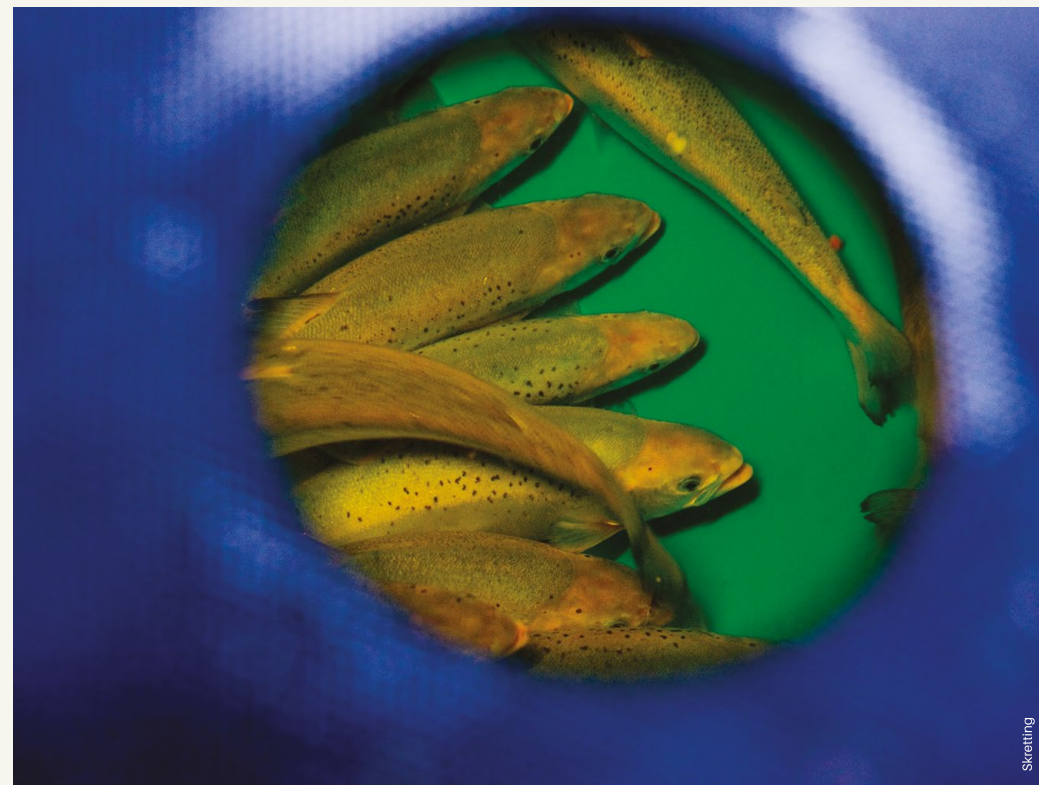


## Farming activities

The first group of Atlantic salmon eggs were laid in March 2022. This group was started in May 2022 and during the first month's fish grew faster than expected as they were moved to RAS 1, 2, 3 and 4. The fast growth would eventually lead to fish growing faster than the construction of facility, so Nordic Aqua had to consciously adjust the growth factors by cooling the water to stay on course with the original project plan. In April 2023, the fish in the first group is approximately 350g, and the first harvesting of this group is expected in Q1 2024. Survival rates have been better than expected.

New batches are introduced to the facility every 3 months and in April 2023, the facility holds 5 groups of fish. In general, these fish groups have shown good biological performance with growth and survival equal to or better than expectations. When the company reaches full production capacity in 2024, a total of 8 batches will be in production simultaneously.

The facility is dimensioned to have a high recirculation rate, which has been proven to secure good water quality and performance.



Skretting

**Good biology so far,  
growth and survival  
equal to or better  
than expected**





# 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, those costs, typically accounting for 30-40% of total capex, are not included in the capex overview. This lease agreement further eliminates all risks related to possible cost overruns for that part of the capex.

*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

	MDKK
<b>31.12.22</b>	<b>254</b>
Distribution	
Before 2022	111
2022	143
<hr/>	
<b>Remaining</b>	<b>DKKm</b>
2023	116

The RAS technology was first introduced during Q4 2021, and the company consequently made acquisitions for 143 MDKK in 2022. Stage 1 will be finalised in 2023 with the remaining 116 MDKK. Capex remains on budget.



# Funding

## EQUITY

Total equity raised is DKK 450 million, of which DKK 418 million was raised in a private placement in connection with the company's IPO in Q4 2020 and approximately DKK 199 million in a private placement in March 2023. Prior to the private placements, DKK 32 million of equity capital was invested in the company.

Combined with retained earnings from ongoing stage 1 operations, the company is now fully equity funded to reach a production of 8,000 tonnes, which is stage one.

## 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 is split in 3 tranches based on progress on capex. The facility shall be repaid in equal, consecutive quarterly instalments starting from the finishing date of the project, with maturity 10 years after the first drawdown date.

## BANKING AGREEMENT AND WORKING CAPITAL FACILITY

The company also 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 RMB 35 million (DKK 35 million) 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 the Xiangshan government. The structure of the lease agreement significantly reduces the risk to Nordic Aqua, as any eventual cost overruns on the building side are covered by the landlord. The payment of rental fees will start 1 January 2024, which concludes that no rental fee will be charged while the company is building up its biomass in preparation 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 terms as in the provisions in the Letter of Intent being negotiated between the company and the local government.



# Financial review

## PROFIT AND LOSS

Nordic Aqua Partner has not reached the commercial stage of its operations and the company had no operating revenues in 2022. Other operating income mainly related to other services, amounted to DKK 456,000 during the year (620,000).

Personnel expenses for 2022 totalled DKK 16.9 million, up from DKK 8.6 million in 2021. The increase is due to increased production and the corresponding development of the organisation, expanding both operational and administrative capacity, all according to plan. Other external expenses came in at DKK 11.1 million (9.6), mainly related to production cost.

Thus, operating profit for the year ended at DKK -40.8 million (-27.5).

Net financial items were negative DKK 12.7 million during the year (-9.8), driven by negative exchange rate deviations of DKK 9.6 million (-5.1) and financial expenses of DKK 5.0 million (-4.8). Exchange rate deviations are mainly deviations on the EUR 25 million loan from Nordic Aqua to the subsidiary Nordic Aqua (Ningbo). Financial expenses are related to interest payments on the undrawn loan facility, negative interest on cash and exchange deviations. Full year financial income amounted to DKK 1.9 million (0.2).

Pre-tax profit came in at DKK -40.8 million (-27.5). The company is not in tax position, so profit for the period

ended at -40.8 (-27.5), corresponding to DKK -3.96 per share (-2.67). The result is within line with the expected result. Due to technical exchange rate deviation the result was -40.8 million.

## CASH FLOW

Net cash flow from operating activities was DKK -24.2 million (-27.1) in 2021. This is due the operating loss of DKK 28.1 million, partly offset by a DKK 16.0 million reduction in working capital. This includes a DKK 5.4 million increase in biomass.

Net cash flow from investment activities was DKK -160.2 million (-108.2), all related to payments for fixed assets.

There was no cash flow from financing activities during 2022.

Total net cash flow during for the year was DKK -184.4 million (-135.2), leaving cash and cash equivalents at the end of the year at DKK 93.0 million, down from DKK 277.3 million 12 months earlier.

## FINANCIAL POSITION

As at 31 December 2022, Nordic Aqua had total assets of DKK 385.0 (406.0). Book value of fixed assets amounted to DKK 282.4 million (122.7). Current assets decreased to DKK 102.6 million (283.2), mainly due to reduced holdings of cash and cash equivalents. Biomass at the end of the year amounted to DKK 5.4 million (0.0).

Total equity amounted to DKK 358.8 million (398.5), corresponding to an equity ratio of 93% (98%).

### CASH FLOW SUMMARY (MDKK)

	2022	2021	2020
Net cash flow from operating activities	-24.2	-27.1	-24.2
Net cash flow from investments activities	-160.2	-108.2	-14.7
Net cash flow from financing activities	0.0	0.0	429.7
Net change in cash and cash equivalents	-184.4	-135.2	390.8
Foreign exchange differences	0.1	13.0	-0.4
Cash and cash equivalents at start of period	277.3	399.6	9.3
Cash and cash equivalents at end of period	93.1	277.3	366.6



Current liabilities at the end of the year were DKK 26.2 million (7.5), of which trade payables amounted to DKK 24.5 million (6.7). As at 31 December 2022, the company had no long-term debt.

### ALLOCATION OF NET PROFIT

It is proposed that the company's net loss for the year, in the amount of DKK 40.8 million, is drawn from other equity.

### LIQUIDITY AND FINANCING

The Company is of the opinion that the cash position and the liquidity available from external sources available at year end is sufficient to satisfy company's capital requirements to complete the investment related to Stage 1 according to plan, originally scheduled around 370 MDKK.

However, to accelerate the Company's project to expand production capacity of Atlantic salmon from 4,000 to 8,000 tonnes, Nordic Aqua in February 2023 completed a private placement of DKK 199 million, securing equity funding of the project through completion.

The Company's budgets and plans are based on best estimates of the future at the time of issuing this annual report. Such plans relate to future events and the fulfilment of such are by nature subject to uncertainty. However, based on executed assessments, the Board of Directors and Management considers that Nordic Aqua will have adequate liquidity resources available to finance the operations of the Group for the coming year.

### GOING CONCERN

In accordance with section 3 § 13 in the Danish Financial Reporting Act, it is hereby confirmed that the financial statements have been prepared on the assumption that the entity is a going concern. The board considers that the annual financial statements for Nordic Aqua provide a true and fair picture of the company's results for the 2022 financial year and the company and Group's financial position at the close of the year.



## Subsequent events

### CHANGES TO BOARD AND MANAGEMENT

As part of the overall development of the company, the organisation of the Nordic Aqua has gone through significant organisational restructurings, including measures to strengthen the management team and adding industry experience to the board of directors.

Ragnar Joensen has stepped down from the board of the directors, entering the position as the new CEO.

With more than 25 years' experience from land-based salmon farming, Mr Joensen is one of the most experienced executives within the industry. His proven track record from Mowi and other companies, includes the role as member of Mowi group management responsible for farming in Norway as well as the role as director of Technology. Moreover, Joensen has together with the Viga family been responsible for building up Tytlandsvik Aqua.

Further, Ove Nodland stepped down from the board to focus on development of the company towards commercialisation in addition to maintaining relations to and reassuring collaboration with the local government in China.

At the same time, Atle Eide, Therese Log Bergjord and Aino Olaisen were elected new directors, bringing broad industry competence into the board. As a senior executive with experience from both salmon farming and private equity, Atle Eide has a proven track record in

building industry leading companies in the seafood industry, bringing important expertise to the board. Therese Log Bergjord, CEO of Skretting, has long-term experience from global aquaculture, bringing a wealth of experience from long-term operating in China. As chairman and part-owner of Nova Sea, Aino Olaisen, will bring extensive competence in building high performing company cultures.

### REDOMICILIATION TO NORWAY

Effective from July 2023, Nordic Aqua is expected to change domicile from Denmark to Norway. With the Company's shares being traded on Euronext Growth Oslo, and considering the Company's limited activity in Denmark, it is the assessment that such redomiciliation will make the share more attractive to investors and thus contribute to improving NOAP's access to capital.

As part of the redomiciliation, Danish Nordic Aqua A/S and Norwegian Nordic Aqua AS (NOAP AS) will merge, with NOAP AS as the surviving entity. Upon completion of the merger, the Company's business will be continued in NOAP AS as a Norwegian private limited liability company.

The merger will be completed in accordance with the provisions of chapter 13 of the Norwegian Private Limited Liability Companies Act and chapter 16 of the Danish Companies Act. Upon completion of the merger the Company's business, including all assets, rights and obligations, will be transferred to NOAP AS, and the

shareholders in the Company will as consideration receive one share in NOAP AS for each share held in the Company. The shares in NOAP AS will be listed on Euronext Growth Oslo.

Completion of the merger is subject to customary conditions being fulfilled, including approval by the general meeting of each of the merging companies.

The changes to company's legal structures have no implications for existing shareholders.

Shareholders voting against completion of the merger at the general meeting are entitled to have their shares redeemed by the Company at market value. Further details on the procedure for such redemption will be announced later.

### CAPITAL INCREASE

In March 2023 Nordic Aqua raised 199 MDKK (300 MNOK) in a Private Placement, issuing 4,615,384 new shares subscriptions for 4,615,384 the Company's registered share capital is now DKK 14,899,368 consisting of 14,899,368 shares, each with a par value of DKK 1.

## Transactions with related parties

Nordic Aqua has entered into contracts with two of closely related parties. The contracts include ongoing and future deliveries of RAS technology and support, in addition to feed sales and R&D projects.

- Technology supply contract with AKVA Group.
- Feed sales and delivery agreement with Skretting, a subsidiary company of Nutreco
- Trial and data access agreement with Skretting, a subsidiary company of Nutreco

Knut Nesse is member of the board of directors of the Company and CEO of AKVA Group. Further, Nutreco and AKVA Group are main shareholders in Nordic Aqua Holding ApS, the largest shareholder of Nordic Aqua.

All agreements have been entered into at arm's length and at market terms.

Other than set out above, the Company has not entered into any transactions with related parties during 2022 that may be material to assessing the admission to trading on Euronext Growth.



# Risks and uncertainties

## OPERATIONAL RISKS

Land-based 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.

## GEOPOLITICAL RISKS

The unfortunate situation with the war in Ukraine has added to the logistic challenges, however these are not considered to represent any risk for the project. See the outlook and milestone sections for a discussion of how the current inflationary pressure is impacting the company.

## 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 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 possible delay in the completion of construction of the plant located on the Gaotang Island, Xiangshan County in Ningbo municipality in China may have influence on the operational plan and full schedule of production, thereby impacting the Group's business, liquidity and result of operation.

The Groups 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.

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.

The financial solidity and liquidity in the Group is considered sufficient to run the business for the coming years.

## 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.

## FOREIGN EXCHANGE RISK

The cash and loan facility are primarily held in euros to match the coming capex payments. The loan facility has a fixed interest rate.

## Share information

As at 31 December 2022, Nordic Aqua had 10,283,984 issued shares, held by 522 shareholders.

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

Rank	Shareholder	Holdings	%-share
1	NORDIC AQUA PARTNERS HOLDING APS	5.168.922	50,3%
2	KONTRARI AS	1.046.067	10,2%
3	Nordea Funds Ltd.	676.251	6,6%
4	J.P. Morgan SE	490.029	4,8%
5	FARVATN PRIVATE EQUITY AS	244.516	2,4%
6	SILVERCOIN INDUSTRIES AS	199.404	1,9%
7	The Bank of New York Mellon SA/NV	187.943	1,8%
8	Saxo Bank A/S	128.025	1,2%
9	SPAREBANK 1 MARKETS AS	111.058	1,1%
10	SONSTAD AS	101.000	1,0%
11	SOUTH WINDS AS	100.770	1,0%
12	KEWA INVEST AS	100.000	1,0%
13	SN SAMLEREN AS	91.329	0,9%
14	EQUINOR PENSJON	83.027	0,8%
15	MØSBU AS	65.000	0,6%
16	J.P. Morgan SE	60.843	0,6%
17	NORDNET LIVSFORSIKRING AS	47.895	0,5%
18	EFTEDAL	40.000	0,4%
19	COMMUTER 2 AS	39.692	0,4%
20	AINO AS	36.643	0,4%
20	OM Holding AS	36.643	0,4%
<b>Sum 20 largest</b>		<b>9.055.057</b>	<b>88,1%</b>
Other 498 shareholders		1.228.927	11,9%
<b>Total</b>		<b>10.283.984</b>	<b>100,0%</b>

On the Extraordinary General Meeting on 1 March 2023, the board of directors was, until 1 March 2024, authorised at one or more times to increase the company's share capital by the issuance of new shares with up to nominal DKK 4,615,384 without pre-emptive subscription rights for the company's shareholders. Capital increases according to this authorisation can be carried out in favour of one or more specified investors by way of cash contributions. The new shares must be issued at a price not lower than the market price of the company's shares at the time of issuance, provided, however, that the minimum price for the shares issued on the basis of this authorisation shall be NOK 65 per share.

The Board of Directors has allocated 488,490 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.

During the year, the share Nordic Aqua share varied in price from NOK 56.90 to NOK 77.00. The closing price at 31 December was NOK 59.20, compared to NOK 65.50 at 31 December 2021, and the share price accordingly was down 10.6% during the year. Total market capitalisation at year end 2022 was NOK 609 million.

Just below 890,000 shares, or 8.6% per cent of the overall number outstanding, were traded during the year. Share turnover totalled NOK 57.7 million during the year. Average daily traded volume was about 1,420 shares and the average daily traded value was about NOK 260,000.

## SHARE PERFORMANCE 2022



Source: Euronext



## Outlook

The initiation of operational farming activities in Nordic Aqua took place during the first half year of 2022. The company reached an important milestone in March, with the first inlay of eggs and the first juveniles were moved into RAS 1 in May. The second inlay of eggs was done early June, the third in September, and fourth in December. All processes have developed according to plan, and with the production cycle estimated to two years, the company is on schedule for first harvest in Q1 2024.

Due to overall inflationary pressure the past 12-18 months, capex estimates for stage 2 and 3 have increased from NOK 125/kg to NOK 145/kg, or about 15%. However, construction of infrastructure and facilities is carried under a lease agreement with the local authorities, with fixed terms for Stage 1 and 2 (8,000 t), significantly reducing capex risk to Nordic Aqua. The updated budget reflects optimization and standardization from stage 1, in addition to increased local sourcing of parts and equipment, which was not reflected in the old budget.

Moreover, the recent sharp increase in prices on feed has resulted in an upward revision to production cost assumptions compared to estimates presented earlier. If feed prices decline back down again, the budget will likely also be revised back down.

The Covid-19 situation in China and the war in Ukraine have fortunately not impacted progress significantly. All equipment necessary for construction of Stage 1 as per plan is already on site, and the company has consequently not been impacted by logistical challenges.

By the end of 2022, the organisation counts 40 employees. The company continues to recruit both foreign and local expertise, management, and staff to fill the many positions needed to meet ambitious expansion and development plans.

The company is still in an early development phase with limited operational activity, and the company expects financial results to be a loss on MDKK 40-45 in 2023.

According to current growth plans, first harvest is expected in Q1 2024. Combined with the outlook for continued strong prices for Atlantic salmon prices, this is expected to generating positive results for Nordic Aqua in 2024. The Fishpool forward price for 2023 and 2024 is currently NOK 91 and NOK 86 per kg respectively, reflecting an optimistic market outlook.

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 mid 2024.

***According to current growth plans, first harvest is expected in Q1 2024.***

# Responsibility statement from the Board of Directors and CEO

The Board of Directors and Executive Board have today discussed and approved the Annual Report of Nordic Aqua A/S for the financial year 2022.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, which have been adopted by the EU. The parent company financial statements have been prepared in accordance with the Danish Financial Statements Act. Management's review has been prepared in accordance with the Danish Financial Statements Act.

Further, the consolidated financial statements have been prepared in accordance with additional requirements under the Danish Financial Statements Act.

In our opinion the consolidated financial statements and the financial statements for the parent company give a true and fair view of the Group's and the parent company's assets, liabilities and financial position at 31 December 2022 and of the results of its operations and cash flow for the financial year 2022.

The management review contains in our opinion a true and fair review of the development in the Group's and the parent company's operations, financial circumstances and results for the year, and of the parent company's financial position, and describes the material risks and uncertainties affecting the Group and the parent company.

We recommend that the Annual Report be approved at the Annual General Meeting.

Ribe, 08.05.2023

**Atle Eide**  
Chairman

**Aino Olaisen**  
Board member

**Knut Nesse**  
Board member

**Therese Log Bergjord**  
Board member

**Vegard Gjerde**  
Board member

**Ragnar Joensen**  
CEO

# Financial Statements and Notes



# Key Figures

kDKK	2022	2021	2020	2019	2018
Other operating income	456	620	0	0	0
Net financial income / expences	-12,710	-9,753	-6,517	98	0
EBITDA	-27,531	-17,586	-18,987	-5,701	-1,402
EBIT	-28,053	-17,752	-18,990	-5,703	-1,402
Profit / (loss) before taxes	-40,763	-27,505	-25,507	-5,801	-1,402
<b>Profit/loss for the period</b>	<b>-40,763</b>	<b>-27,505</b>	<b>-25,507</b>	<b>-5,801</b>	<b>-1,402</b>
Cash flow from investment activities	-160,172	-108,175	-14,715	-8	0
Cash flow from financing activities	0	0	429,669	0	17,901
Payments for fixed assets	-160,172	-106,997	-5,431	0	0
Net cash flow	-184,414	-129,941	390,758	-4,890	188
Available cash	93,058	277,345	399,588	9,250	1,234
<b>Total assets</b>	<b>384,994</b>	<b>405,962</b>	<b>414,934</b>	<b>9,422</b>	<b>15,302</b>
Equity	358,780	398,456	412,959	8,702	14,514
Equity ratio	93.2	98.2	99.5	92.4	94.9

## Financial Statements and Notes

# Consolidated Statement of Comprehensive Income

kDKK - Summary of result	Note	2022	2021
Revenue		0	0
Other operating income	2	456	620
Other external expenses	2	-11,118	-9,605
<b>Gross profit/(Loss)</b>		<b>-10,662</b>	<b>-8,985</b>
Staff costs	3	-16,869	-8,601
<b>Operating profit/(loss) before amortisation and depreciation (EBITDA)</b>		<b>-27,531</b>	<b>-17,586</b>
Depreciations	7	-522	-166
<b>Operating profit/ (loss) before tax (EBIT)</b>		<b>-28,053</b>	<b>-17,752</b>
Financial income	5	1,931	157
Exchange rate deviations	5	-9,637	-5,138
Financial expenses	5	-5,004	-4,772
<b>Financial expense - net</b>		<b>-12,710</b>	<b>-9,753</b>
Profit/loss before tax		-40,763	-27,505
Income tax expense		0	0
<b>Profit/loss for the period</b>		<b>-40,763</b>	<b>-27,505</b>
<b>Other comprehensive income</b>			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):			
Exchange differences on translation of foreign operations		127	12,711
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</b>		<b>127</b>	<b>12,711</b>
<b>Comprehensive income for the period</b>		<b>-40,636</b>	<b>-14,794</b>
<b>Earnings per share</b>			
<b>Basic</b>	<b>6</b>	<b>-3.96</b>	<b>-2.67</b>
Diluted		-3.96	-2.67

## Financial Statements and Notes

# Statements of Financial Position

kDKK	Note	2022	2021
<b>ASSETS</b>			
Assets under construction	7	267,013	111,141
Property, plant & equipment	7	5,258	1,290
Deposits	9	10,106	10,296
<b>Total non-current assets</b>		<b>282,377</b>	<b>122,727</b>
Biological assets (Biomass)	8	5,402	0
Other current receivables	9	4,147	4,656
Receivables	9	10	1,135
Receivables from owners and management	9	0	99
Cash and cash equivalents		93,058	277,345
<b>Total current assets</b>		<b>102,617</b>	<b>283,235</b>
<b>Total assets</b>		<b>384,994</b>	<b>405,962</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	10	10,284	10,284
Other equity		348,496	388,172
<b>Total equity</b>		<b>358,780</b>	<b>398,456</b>
Trade payables	12	24,509	6,687
Other current liabilities	12	1,705	819
<b>Total current liabilities</b>		<b>26,214</b>	<b>7,506</b>
<b>Total liabilities</b>		<b>26,214</b>	<b>7,506</b>
<b>Total equity and liabilities</b>		<b>384,994</b>	<b>405,962</b>



## Financial Statements and Notes

# Statement of Cash Flow

kDKK	Note	2022	2021
<b>Cash flow from operations</b>			
Operating profit/loss		-28,053	-17,752
<b>Adjustments for:</b>			
Depreciation	7	522	166
<b>Changes in working capital:</b>			
Change in other current receivables		1,733	-5,262
Change in trade payables		17,821	5,532
Change in other current liabilities		1,847	0
Change in biomass		-5,402	0
<b>Cash generated from operations</b>		<b>-11,532</b>	<b>-17,316</b>
Interest paid	5	-9,637	-4,772
Interest received	5	1,931	157
Exchange rate deviations	5	-5,004	-5,138
<b>Net cash flow from operations</b>		<b>-24,242</b>	<b>-27,069</b>
<b>Cash flow from investment activities</b>			
Payments for fixed assets and other capitalizations		-160,172	-108,175
Payments for intangible assets		0	0
<b>Net cash flow from investment activities</b>		<b>-160,172</b>	<b>-108,175</b>
<b>Cash flow from financing activities</b>			
<b>Net cash flow from financing activities</b>		<b>0</b>	<b>0</b>
Net change in cash and cash equivalents		-184,414	-135,244
Foreign exchange differences		127	13,001
<b>Cash and cash equivalents at the beginning of the period</b>		<b>277,345</b>	<b>399,588</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>93,058</b>	<b>277,345</b>

## Financial Statements and Notes

# Statement of Changes in Equity

kDKK	Share capital	Currency translation differences	Retained earnings	Total equity
Equity January 01 <sup>st</sup> 2022	10,284	12,428	375,744	398,456
Net profit/(loss) for the period			-40,763	-40,763
Other comprehensive income		127	0	127
Share-based payments (note 4)			960	960
<b>Balance December 31<sup>st</sup> 2022</b>	<b>10,284</b>	<b>12,555</b>	<b>335,941</b>	<b>358,780</b>

kDKK	Share capital	Currency translation differences	Retained earnings	Total equity
Equity January 01 <sup>st</sup> 2021	10,284	-283	402,957	412,958
Net profit/(loss) for the period			-27,505	-27,505
Exchange adjustments		12,711		12,711
Other comprehensive income			292	292
<b>Balance December 31<sup>st</sup> 2021</b>	<b>10,284</b>	<b>12,428</b>	<b>375,744</b>	<b>398,456</b>

## Notes

# Notes on the Consolidated Financial Statements

## NOTE 1 BASIS OF REPORTING

### Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and additional requirements of the Danish Financial Statements Act for class B.

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

The Group's general accounting policies are described below. In addition to this, specific accounting policies are described in each of the individual notes to the consolidated financial statements. The accounting policies set out below and, in each note, have been used consistently in respect of the financial year and the comparative figures.

### Materiality in financial reporting

In the preparation of the consolidated financial statements, Management aims to focus on the information considered to be material and relevant for the understanding of the Group's performance in the reporting period.

The consolidated financial statements are a result of aggregating large numbers of transactions into classes of similar items according to their nature or function in the consolidated financial statements. If a line item is not individually material, it is aggregated with other items of a similar nature in the consolidated financial statements or in the notes.

Management provides specific disclosures required by IFRS unless the information is not applicable or considered immaterial to the economic decision-making of the users of these consolidated financial statements.

### Key account estimates and judgements

As part of the preparation of the consolidated financial statements, Management makes a number of accounting estimates and assumptions as a basis for recognising and measuring the Group's assets, liabilities, income and expenses as well as judgements made in applying the Group's accounting policies. The estimates, judgements and assumptions made are based on experience gained and other factors that are considered prudent by Management in the circumstances, but which are inherently subject to uncertainty and volatility.

The assumptions may be incomplete or inaccurate, and unforeseen events or circumstances may occur, for which reason the actual results may differ from the estimates and judgements made.

There have not been identified any key account estimates or judgements.



## Notes

## NOTE 1 BASIS OF REPORTING

**Basis of consolidation**

The consolidated financial statement comprises the financial statements of Nordic Aqua A/S (the Parent) and subsidiaries which are entities controlled by Nordic Aqua A/S. The Group controls an entity when it directly or indirectly owns more than 50% of the voting rights or may otherwise exercise a controlling influence.

**Principles of consolidation**

The consolidated financial statements are prepared based on the financial statements of the Parent and its subsidiaries.

The consolidated financial statements are prepared by combining items of a uniform nature and subsequently eliminating intercompany transactions, internal shareholdings and balances and unrealised intercompany gains or losses. The financial statements used for consolidation are prepared in accordance with the Group's accounting policies.

The accounting items of subsidiaries are recognised 100% in the consolidated financial statements. Non-controlling interest's share of subsidiaries' profit or loss for the year and net assets is included in the Group's profit or loss and balance sheet but are disclosed separately.

Investments in subsidiaries are offset by the interest's share of subsidiaries' net assets at the acquisition date at fair value.

**Cash flow statement**

The cash flow statement shows cash flow from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, changes in working capital and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition of property, plant and equipment.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, repayment of interest-bearing debt.

Cash and cash equivalents comprise cash.

**Segment reporting**

The Group is still in a start-up phase and therefore for management purposes, the Group is currently organised in only one segment. Therefore, no further disclosure relating to segment reporting was provided.

**Standards issued but not yet effective**

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are expected to have no impact on the Group's consolidated financial statements. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

**New standards**

New standards implemented in 2022 have had no impact on the financial statement.

## Notes

## NOTE 1 BASIS OF REPORTING

**Foreign currency translation**

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Group enterprises abroad are considered to be independent entities. The income statements are translated at an average exchange rate for the month, and the balance sheet items are translated at the closing rates. Currency translation differences, arising from the translation of the equity of group enterprises abroad at the beginning of the year to the closing rate and from the translation of income statements from average prices to the closing rate, are recognised directly in equity in the fair value reserve in the Consolidated Financial Statement. This also applies to differences arising from translation of income statements from average exchange rate to closing rate.

Translation adjustment of balances with group enterprises abroad that are considered part of the total investment in group enterprises are recognised directly in equity in the fair value reserve.

Likewise, foreign exchange gains and losses on loans and derived financial instruments for currency hedging independent group enterprises abroad are recognised directly in equity.

## NOTE 2 OTHER OPERATING INCOME AND EXTERNAL EXPENSES

Other operating income is measured at the fair value of the consideration received or receivable for the sale. The Income is recognized net of discounts, VAT and other sales related taxes.

Other external expenses include expenses relating to the Group's ordinary activities and the startup costs, including expenses for external parties, stationery and office supplies, marketing costs, etc.

Other external expenses include costs relating to listing on Euronext Growth.

## Notes

## NOTE 3 STAFF COST

Staff costs include employees' salaries and bonuses, social security costs and other staff costs for salaried employees.

kDKK	2022	2021
Salary	12,798	7,379
Other employee benefits	2,545	958
Social security costs	553	264
Share based payments (Note 4)	973	0
<b>Total</b>	<b>16,869</b>	<b>8,601</b>
Weighted average number of full-time employees	39	17
kDKK	2022	2021
<b>Executive remuneration:</b>		
Board of Directors	420	420
<b>Other key management personnel</b>		
Ole Juul Jørgensen, CEO	90	90
Hjalti Hvitklett, CFO	1,236	792
Ove Nodland, CEO Nordic Aqua Ningbo	1,721	1,522
<b>Other key management personnel total</b>	<b>3,047</b>	<b>2,404</b>

## NOTE 3 STAFF COST

<b>Additional share based payments to other key management personnel</b>		
Hjalti Hvitklett, CFO	207	0
Ove Nodland, CEO Nordic Aqua Ningbo	155	0
<b>Additional share based payments to other key management personnel total</b>	<b>362</b>	<b>0</b>
Knut Nesse	90	90
Knut Langeteig	90	90
Jan Petersen	90	90
Ragnar Joensen, Chairman	150	150
<b>Board of Directors total</b>	<b>420</b>	<b>420</b>
<b>Additional share based payments to Board of directors</b>		
Ragnar Joensen, Chairman	259	0
<b>Additional share based payments to Board of Directors</b>	<b>259</b>	<b>0</b>

In the consolidated companies, the remuneration of the Board of Directors is a fixed annual salary except for warrants.



## Notes

**NOTE 4 SHARE BASED PAYMENTS AND WARRANTS****Shared-based payments**

Nordic Aqua Partners A/S operates equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (warrants) of the group. The fair value of the employee services received in exchange for the grant of the warrants is recognized as a compensation expense and allocated over the vesting period. The total amount to be expensed is determined by reference to the grant date fair value of the warrants granted including any market performance conditions, excluding the impact of any service and non-market performance vesting conditions and including the impact of any non-vesting conditions.

At the end of each reporting period, the group revises its estimates of the number of warrants that are expected to vest based on the service and non-market vesting conditions. The impact of the revision to original estimates, if any, is recognized in the income statement, with a corresponding adjustment to equity.

When the warrants are exercised, the company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

**Employee warrant program**

Nordic Aqua Partners A/S has established incentive plans based on warrant programs for Executive Management and certain key employees. The purpose of these programs is to ensure common goals for management, employees and shareholders. Allocation of programs is set by the Board of Directors.

The warrant program comprises a total of 488,490 warrants at 31 December 2022 (2021: no warrants). Each warrant gives the holder right to buy one ordinary share of nominally 1 DKK in Nordic Aqua Partners A/S. The outstanding warrants amount to 4,8% of the share capital if they are all exercised. The number of warrants granted is determined annually by the Board of Directors in accordance with the company's articles of association.

In 2022 the recognized expense related to share-based payments amount to DKK 969 thousand (2021: no warrant program).

For the warrants granted in 2022 a share market price of DKK 44,6 has been used. The fair value of warrants granted in 2022 is DKK 7,85 (no warrants were granted in 2021). The value was calculated using the Black-Scholes option valuation model. The vesting period for the warrants granted in 2022 is 3 years and Warrants granted may be exercised in whole or in part during a 6 months' period beginning 36 months after the grant of the relevant Warrants to a Warrant Holder (the "Exercise Period"), however no later than 27 May 2025. Warrants that are not exercised before the end of the Exercise Period in accordance with clause 3.2 shall lapse automatically without any compensation being payable at the end of the Exercise Period.

For further details on each warrant program please refer to note 4 (Share based Payments)

## Notes

## NOTE 4 SHARE BASED PAYMENTS AND WARRANTS

## Key information

Year of Grant	Original Grant Number	Outstanding Number	Exercise Price	Expected Volatility	Risk- Free Interest Rate	Expected Dividend	Fair Value Per Warrant	Vesting Period	Expiring Date
2022	488.490	488.490	81	38.69%	0,72%	0	7.85	3 years	Q2 2025
2021	0	0	0	0%	0,00%	0	0	0	-

The warrants are classified as a an equity instrument.

## Number of Warrants

2022	Board of Directors & Executive Management Number	Other Employees Number	Shareholders Number	Resigned Board Members and Employees Number	Total Number	Average Exercise Price DKK
Outstanding at 1 January	0	0	0	0	0	0
Granted during the year	308.520	179.970	0	0	488.490	0
Exercised during the year	0	0	0	0	0	0
Forfeited during the year	0	0	0	0	0	0
<b>Outstanding at 31 December</b>	<b>308.520</b>	<b>179.970</b>	<b>0</b>	<b>0</b>	<b>488.490</b>	<b>0</b>

2021	Board of Directors & Executive Management Number	Other Employees Number	Shareholders Number	Resigned Board Members and Employees Number	Total Number	Average Exercise Price DKK
Outstanding at 1 January	0	0	0	0	0	0
Granted during the year	0	0	0	0	0	0
Exercised during the year	0	0	0	0	0	0
Forfeited during the year	0	0	0	0	0	0
<b>Outstanding at 31 December</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Shares and warrants held by members of the Board of Directors and Executive Management.

Number Of Warrants	01 January	Change During the Year	31 December	01 January	Change During the Year	31 December
<b>Warrants</b>						
Ragnar Joensen	0	128.550	128.550	0	0	0
Hjalte Hvítkeitt	0	102.840	102.840	0	0	0
Ove Nodland	0	77.130	77.130	0	0	0

Warrants held by members of the Board of Directors and Executive Management.

## Notes

## NOTE 5 FINANCIAL INCOME AND EXPENSES

## Accounting policies

Financial income and expenses include interest income and expenses and exchange gains and losses on transactions in foreign currencies.

Commitment fees and loan cost from obtaining bank loan facility are included in financial expenses.

## Financial income

kDKK	2022	2021
Interest income	1,931	157
Exchange rate adjustment	0	0
<b>Total</b>	<b>1,931</b>	<b>157</b>

## Financial expenses

kDKK	2022	2021
Bank charges	-24	-22
Interest bank deposits	-64	-1,246
Exchange rate adjustment	-9,637	-5,138
Costs for loan facility	-4,916	-3,504
Interest and costs on convertible loan	0	0
Other financial expenses		
<b>Total</b>	<b>-14,641</b>	<b>-9,910</b>

## NOTE 6 EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

kDKK	2022	2021
Profit for the year to the shareholders	-40,763	-27,504
Ordinary shares as at 01.01	10,283,984	10,283,984
<b>Ordinary shares as at 31.12</b>	<b>10,283,984</b>	<b>10,283,984</b>

	2022	2021
<b>Earnings per share</b>		
Basic (DKK)	-3,96	-2,67
Diluted (DKK)	-3,96	-2,67



## Notes

## NOTE 7 PROPERTY, PLANT AND EQUIPMENT

## Accounting policies

Property, plant and equipment are measured at cost less accumulated depreciation and impairment. Cost comprises the acquisition price and other directly attributable costs until the date on which the asset is available for use.

Depreciation is recognised on a straight-line basis from the time of acquisition, or when the asset is available for use, over the expected useful life. The expected useful lives are assessed individually for every class of assets. A reassessment is made once a year to ascertain that the depreciation basis reflects the expected useful lives and future residual values of the assets.

## The expected useful lives are as follows:

Other plant, fixtures and operating equipment      3-15 years

## Impairment testing

The carrying amount of property, plant and equipment is reviewed to determine whether there is any indication of impairment loss. If the recoverable amount of an asset is estimated to be less than the carrying amount, an impairment loss is recognised. There are no issues, that indicate the need of impairment.

	Other plant, fixtures and operating equipment	Construction in progress	Deposits	Total
Cost at 1. January 2022	1,470	111,141	10,296	122,907
Additions	4,489	155,872	-190	160,171
<b>Cost at 31 December 2022</b>	<b>5,959</b>	<b>267,013</b>	<b>10,106</b>	<b>283,078</b>
Depreciation and impairment at 1 Jan. 2022	-180	0	0	-180
Exchange rate adjustments	1	0	0	1
Depreciation For the year	-522	0	0	-522
<b>Depreciation and impairment at 31 December 2022</b>	<b>-701</b>	<b>0</b>	<b>0</b>	<b>-701</b>
<b>Carrying amount 31 December 2022</b>	<b>5,258</b>	<b>267,013</b>	<b>10,106</b>	<b>282,377</b>
Cost at 1. January 2021	30	5,451	9,284	5,481
Additions	1,440	105,690	1,012	107,130
<b>Cost at 31 December 2021</b>	<b>1,470</b>	<b>111,141</b>	<b>10,296</b>	<b>112,611</b>
Depreciation and impairment at 1 Jan. 2021	-5	0	0	-5
Depreciation For the Year	-175	0	0	-175
Depreciation and impairment at 31 dec. 2021	-180	0	0	-180
<b>Carrying amount 31 December 2021</b>	<b>1,290</b>	<b>111,141</b>	<b>10,296</b>	<b>112,431</b>

## Notes

## NOTE 8 VALUATION OF BIOLOGICAL ASSETS

Biological assets are, in accordance with IAS 41, measured at fair value less cost to sell. The calculation of the estimated fair value is based on market prices for harvested fish. In the accounts, the change in estimated fair value is entered to the Income Statement on a continuous basis.

The Group's biological assets are salmon at all stages of the life cycle. The fish is divided into two main groups, depending on the stage of the life cycle. The first group is eggs to post smolt. The second is post smolt to market size.

For the first group, historical industry cost is deemed a reasonable approach to fair value, as there is little biological transformation.

For the second group, the fair value is calculated by applying a present value in the fair value hierarchy in IFRS 13. In accordance with the principle in IFRS 13 for highest and best use.

The valuations are based on an income approach and takes into consideration unobservable input based on biomass, the estimated growth rate and cost to completion at batch level. Mortality, quality of the fish going forward and market price are considered. A special assessment is performed for batches with high/low performance due to disease or other deviating factors. The market prices are derived from observable market prices where available.

kDKK	2022	2021
Biological assets carrying amount 01.01	0	0
Increase due to production or purchase	5,402	0
<b>Biological assets carrying amount at the end of the period</b>	<b>5,402</b>	<b>0</b>
<b>Number of fish (thousand)</b>	<b>1,080</b>	<b>0</b>

## NOTE 9 RECEIVABLES AND DEPOSITS

## Accounting policies

Receivables and other receivables are measured on initial recognition at fair value and subsequently at amortised cost less impairments, if any. Prepaid expenses comprise amounts paid in respect of goods or services to be received in subsequent financial periods. Deposits comprise a payment to local government for customized plant construction and amounts to kDKK 10,106. The deposit will be returned to Nordic Aqua (Ningbo) Co., Ltd. step by step when it starts to pay corporate income taxes in accordance with agreement.

kDKK	Deposits
Cost at 1 January 2022	10,296
Exchange rate adjustments	-190
<b>Total 31.12.2022</b>	<b>10,106</b>
Cost at 1 January 2021	9,284
Exchange rate adjustments	1,012
<b>Total 31.12.2021</b>	<b>10,296</b>

The Company granted a loan to Nordic Aqua Holding ApS on February 1<sup>st</sup> 2021. The loan is fully repaid in 2022.

kDKK	2022	2021
Receivables	10	1,135
Receivables from owners and management	0	99
<b>Total</b>	<b>10</b>	<b>1,234</b>

Accounts receivable and other receivables are presented at face value less provisions for bad debts. Provisions for bad debts are made based on an individual assessment of the receivables concerned. Due to insignificant cost and the short credit period, amortized cost is equivalent to face value less foreseeable losses.

## Notes

**NOTE 10 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents are primarily held with financial institutions through which the Group conducts its day-to-day banking transactions.

**NOTE 11 SHARE CAPITAL**

The share capital comprises 10,283,984 shares of DKK 1 each (2021: 10,283,984). The shares are all authorised, issued and fully paid. No shares carry any additional special rights. The Group continuously assesses the need for adjustment of the capital structure.

The shares are listed on Euronext Growth in Oslo (Merkur Market) with ticker "NOAP".

There is no dividend proposed for 2022 (2021: Nil).

**NOTE 12 TRADE AND OTHER PAYABLES****Accounting policies**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. These are classified as current liabilities if payment is due in one year or less. If payment is due at a later date, they are presented as non-current liabilities.

kDKK	31. Dec. 2022	31. Dec. 2021
Trade payables	24,509	6,687
Other payables	1,705	819
<b>Total trade and other payables</b>	<b>26,214</b>	<b>7,506</b>

**NOTE 13 INTEREST-BEARING LOANS AND BORROWINGS****Accounting policies**

Bank loans are initially recognised at fair value net of transaction expenses and subsequently measured at amortised cost using the effective interest method.

The Group has entered into a loan agreement with Eksfin - Eksportfinansiering Norge 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.

Nordic Aqua has an agreement with Bank of Ningbo, Xiangshan Branch, to provide a conditional credit facility of MRMB 35 (MDKK 35) 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.

kDKK	31. dec. 2022	31. dec. 2021
Credit facility	222,720	222,019
Undrawn credit facility	-222,720	-222,019
<b>Total financial liabilities</b>	<b>0</b>	<b>0</b>
Included in the balance sheet:		
Non-current liabilities	0	0
Current liabilities	0	0
<b>Total bank loans</b>	<b>0</b>	<b>0</b>

## Notes

**NOTE 14 LEASING****Accounting policies**

The determination of whether a contract is, or contains, a lease is assessed at the inception of the lease and is based on whether the contract conveys a right to control the use of an identified asset or assets for a period of time in exchange for consideration. For contracts where the Group is the lessee, right-of-use assets and lease liabilities are recognised at the commencement of the lease. Right-of-use assets are measured at cost, less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the useful life of the asset. When a purchase option has been included in the cost at recognition, the right-of-use asset is depreciated over the estimated useful life of the asset. The lease liabilities at commencement date is measured at the present value of the lease payments. The lease payments are discounted using the Group's incremental borrowing rate as the interest rate implicit in the lease is not readily determinable.

For leasing contracts with optional renewal period, and where we are reasonably certain to exercise this option, the renewal periods are included in the calculation of the lease liability and asset. The Group has lease contracts for various assets used in its operation, the main asset group being transportation. Lease terms and other conditions vary.

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 year 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 MDKK 10.4 for Stage 1.

The executed Rental Agreement has a term of 10 years, with a right to extend the term for an additional 10 years. The reason for splitting the 20 years term into a 10 + 10 years terms, is simply to allow the rental fee to be adjusted to reflect fair market price at the end of the first 10 years of the term, since the rental fee for the first 10 years is fixed. The term of the rental period starts at date of formal handover of the facilities, latest at December 31<sup>st</sup> 2023.

Due to the nature of the business of the company, it has been agreed between the company and the Landlord that the company can take temporary use of the infrastructure, utilities and facilities while being constructed. Such temporary use includes, but is not limited to doing necessary installation and commissioning work of RAS equipment, as start building biomass. However, the buildings will not be formally handed over to company until finally completed, agreed to be when all utilities, infrastructure and RAS equipment is installed and commissioned, scheduled to be latest by December 31<sup>st</sup> 2023. Company will start paying rent at the date of such formal handing over of the facilities, however, no later than January 1<sup>st</sup> 2024. The Company has started using the first part of the facility in Q1 2022, as the Company received egg into the hatchery.

**NOTE 15 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. At 31<sup>st</sup> December 2022, the Group has no interest-bearing debt net, but has in the beginning of 2022 entered into an 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 Eksporkreditt Norge AS ("Eksporkreditt"), Garantiinstituttet for Eksporkreditt ("GIEK"), and Coöperative Rabobank U.A. ("Rabobank") for a senior secured export credit term loan and guarantee facility agreement, amounting to EUR 25 million according to Note 13.

Following this, the financial facilities in the Group are considered sufficient to run the business for the coming years.



## Notes

## NOTE 15 FINANCIAL RISKS AND FINANCIAL INSTRUMENTS

**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 93, an undrawn bank loan facility of MDKK 186, and an undrawn credit facility of MDKK 35 as of 31<sup>st</sup> December 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	Total
<b>31/Dec/22</b>				
Trade Payables	24,509	0	0	24,509
Other Payables	1,705	0	0	1,705
<b>Total</b>	<b>26,214</b>	<b>0</b>	<b>0</b>	<b>26,214</b>
<b>31/Dec/21</b>				
Trade Payables	6,687	0	0	6,687
Other Payables	819	0	0	819
<b>Total</b>	<b>7,506</b>	<b>0</b>	<b>0</b>	<b>7,506</b>

**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,

kDKK	Change in CNY rate	Effect on profit before tax
2022	+5%	-1,147
	-5%	<b>1,147</b>
2021	+5%	-1,079
	-5%	<b>1,079</b>

**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,

## Notes

## NOTE 15 FINANCIAL RISKS AND FINANCIAL INSTRUMENTS

## Categories of financial assets and liabilities

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

kDKK	31 dec 2022	31 dec 2021
Financial assets measured at amortised cost:		
Other receivables	4,147	4,656
Receivables	10	1,234
Cash and cash equivalents	93,058	277,345
<b>Total cash and cash equivalents</b>	<b>97,215</b>	<b>283,235</b>
Financial liabilities measured at amortised cost:		
Trade payables	24,509	6,687
Other payables	1,705	819
<b>Total financial liabilities</b>	<b>26,214</b>	<b>7,506</b>

## NOTE 16 AUDIT FEES

Fees to auditors appointed at the Annual General Meetings:

kDKK	2022	2021
Statutory audit	150	139
Tax advisory services	262	191
Other services	83	82
<b>Total audit fees</b>	<b>495</b>	<b>412</b>

## NOTE 17 CONTINGENT LIABILITIES AND SECURITY FOR DEBT

## Accounting policies

Contingent liabilities include possible obligations that are uncertain and not yet held. If the obligation is more likely to be in effect, a provision must then be recognised,

## Contingent liabilities

The existence of contingent liabilities is assessed on an ongoing basis whether the criteria for recognising a provision are met,

## Security for debt

As of 31<sup>st</sup> December 2022, no assets have been pledged,

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 year 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 MDKK 10,4 for Stage 1,

The buildings will not be formally handed over to company until finally completed, agreed to be when all utilities, infrastructure and RAS equipment is installed and commissioned, scheduled to be latest by December 31<sup>st</sup> 2023, Company will start paying rent at the date of such formal handing over of the facilities, however, no later than January 1<sup>st</sup> 2024, The Company has started using the first part of the facility in Q1 2022, as the Company received egg into the hatchery,

## Notes

## NOTE 18 RELATED PARTIES

## Transactions with related parties

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its related parties are disclosed below. Transactions to related parties could be loans, interest expenses on these loans, general payables and receivables and tax settlements,

A company where the Chairman of the Board has significant influence, has received advising fee for assistance to the company kDKK 1,728 in 2022 (2021: kDKK 1,650),

A company where the Chief Financial Officer has significant influence has received advising fee for assistance to the company kDKK 0 in 2022 (2021: KDKK 157),

There were no further transactions with the Board of Directors or the Executive Board, besides remuneration. For information on remuneration, please refer to note 3,

Shareholders	Registered office	Basis of Influence
Nordic Aqua Holding ApS; 50,3 %	Ribe, Denmark	Significant influence *)

Ad \*) The 16 shareholders in Nordic Aqua Holding ApS act in a professional capacity on behalf of its shareholders, and Nordic Aqua Holding ApS is entitled to distinguish between the different shares and exercise the voting rights attaching to the different shares in different ways (split voting),

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 the 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 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,

## Notes

**NOTE 19 EVENTS AFTER THE BALANCE SHEET DATE****Redomiciliation to Norway**

Effective from July 2023, Nordic Aqua has changed domicile from Denmark to Norway, With the Company's shares being traded on Euronext Growth Oslo, and considering the Company's limited activity in Denmark, it is the assessment that such redomiciliation will make the share more attractive to investors and thus contribute to improving NOAP's access to capital,

As part of the redomiciliation, Danish Nordic Aqua A/S and Norwegian Nordic Aqua AS (NOAP AS) will merge, with NOAP AS as the surviving entity, Upon completion of the merger, the Company's business will be continued in NOAP AS as a Norwegian private limited liability company,

The merger will be completed in accordance with the provisions of chapter 13 of the Norwegian Private Limited Liability Companies Act and chapter 16 of the Danish Companies Act, Upon completion of the merger the Company's business, including all assets, rights and obligations, will be transferred to NOAP AS, and the shareholders in the Company will as consideration receive one share in NOAP AS for each share held in the Company, The shares in NOAP AS will be listed on Euronext Growth Oslo,

Completion of the merger is subject to customary conditions being fulfilled, including approval by the general meeting of each of the merging companies,

The changes to company's legal structures have no implications for existing shareholders,

Shareholders voting against completion of the merger at the general meeting are entitled to have their shares redeemed by the Company at market value, Further details on the procedure for such redemption will be announced later,

**Capital increase**

In March 2023 Nordic Aqua raised 199 MDKK (300 MNOK) in a Private Placement, issuing 4,615,384 new shares subscriptions for 4,615,384 the Company's registered share capital is now DKK 14,899,368 consisting of 14,899,368 shares, each with a par value of DKK 1,

Apart from this, no events have occurred after the balance sheet date, which would change the evaluation of the annual report.

**NOTE 20 SUBSIDIARIES**

	Registered in	Corporate form	Ownership
Nordic Aqua (Ningbo) Co., Ltd	Ningbo, China	Ltd.	100%



# Financial Statements Parent Company

## Financial Statements Parent Company

# Income Statement

kDKK - Summary of result	Note	2022	2021
<b>Gross profit/(Loss)</b>		<b>-4,873</b>	<b>-4,145</b>
Staff costs	3	-4,006	-1,378
<b>Operating profit/(loss) before amortisation and depreciation</b>		<b>-8,879</b>	<b>-5,523</b>
Financial income		3,444	527
Financial expenses		-73	-1,463
<b>Profit/loss for the year</b>		<b>-5,508</b>	<b>-6,459</b>
<b>Proposed distribution of profit and loss</b>			
Retained earnings		-5,508	-6,459
<b>Proposed distribution of profit and loss</b>		<b>-5,508</b>	<b>-6,459</b>

## Financial Statements Parent Company

# Balance Sheet

kDKK	Note	2022	2021
<b>ASSETS</b>			
Investments in group enterprises	1	223,230	186,043
Recivables from group enterprises		186,772	186,363
<b>Total other financial assets</b>		<b>410,002</b>	<b>372,406</b>
<b>Fixed assets</b>		<b>410,002</b>	<b>372,406</b>
Recievables from group enterprises		30,376	26,612
Recievables from owners and management		0	99
Other recievables		830	1,069
<b>Receivables</b>		<b>31,206</b>	<b>27,780</b>
Cash		12,631	23,886
<b>Total current assets</b>		<b>43,837</b>	<b>51,666</b>
<b>Total assets</b>		<b>453,839</b>	<b>424,072</b>
<b>EQUITY AND LIABILITIES</b>			
Contributed capital		10,284	10,284
Retained earnings		408,410	412,957
<b>Equity</b>		<b>418,694</b>	<b>423,241</b>
Trade payables		1,665	831
Payables to group enterprises		33,468	0
Other payables		12	0
<b>Total current liabilities</b>		<b>35,145</b>	<b>831</b>
<b>Total equity and liabilities</b>		<b>453,839</b>	<b>424,072</b>

## Financial Statements Parent Company

# Statement of Cash Flow

kDKK	Note	2022	2021
Operating profit/loss		-8,879	-5,523
Change in working capital	2	-1,619	-24,461
<b>Cash flow from operating activities before financial income and expenses</b>		<b>-10,498</b>	<b>-29,984</b>
Financial income, received		3,444	0
Financial expenses, paid		-73	-1,256
Income taxes, received/(paid)		0	0
<b>Cash flow from operating activities</b>		<b>-7,127</b>	<b>-31,240</b>
Share capital to group enterprises		-3,719	-143,578
Loan to group enterprises		-409	-185,902
<b>Cash flows from investing activities</b>		<b>-4,128</b>	<b>-329,480</b>
Proceeds from capital increase		0	0
Transaction costs of issue of shares		0	0
<b>Cash flow from financing activities</b>		<b>0</b>	<b>0</b>
Cash and cash equivalents, beginning of the year		23,886	384,606
Net (decrease)/increase in cash and cash equivalents		-11,255	-360,720
<b>Cash and cash equivalents, end of the year</b>		<b>12,631</b>	<b>23,886</b>
Cash and cash equivalents in the cash flow statement comprise:		0	0
<b>Cash and cash equivalents at the end of the period</b>		<b>12,631</b>	<b>23,886</b>

The figures in the cash flow statement cannot be directly derived from the figures in the balance sheet.



## Financial Statements Parent Company

# Statement of Changes in Equity

kDKK	Share capital	Retained earnings	Total equity
Equity January 1 <sup>st</sup> 2022	10,284	412,957	423,241
Net profit/(loss) for the period		-5,508	-5,508
Share based instruments (Note 4 in Group Financial Statement)		961	961
<b>Balance December 30<sup>th</sup> 2022</b>	<b>10,284</b>	<b>408,410</b>	<b>418,694</b>
kDKK	Share capital	Retained earnings	Total equity
Equity January 1 <sup>st</sup> 2021	10,284	419,415	429,699
Net profit/(loss) for the period		-6,458	-6,458
<b>Balance December 30<sup>th</sup> 2021</b>	<b>10,284</b>	<b>412,957</b>	<b>423,241</b>

## Notes

# Notes to the Financial Statements Parent Company

## NOTE 1 FIXED ASSETS INVESTMENTS

kDKK	Investments in group enterprises
Cost at 1 January 2022	186,043
Additions	37,187
Cost at 31 December 2022	223,230
<b>Carrying amount at 31 December 2022</b>	<b>223,230</b>

kDKK	Investments in group enterprises
Cost at 1 January 2021	186,043
Cost at 31 December 2021	186,043
<b>Carrying amount at 31 December 2021</b>	<b>186,043</b>

Investments in group enterprises of the total amount of the share capital in Nordic Aqua (Ningbo) Co., Ltd.

## NOTE 2 WORKING CAPITAL

kDKK	2022	2021
Change in receivables from group enterprises	-3,764	-24,347
Change in other receivables	677	-776
Change in trade payables and other payables	1,468	662
<b>Total change in working capital</b>	<b>-1,619</b>	<b>-24,461</b>

## Notes

## NOTE 3 STAFF COST

Staff costs include employees' salaries and bonuses, social security costs and other staff costs for salaried employees.

kDKK	2022	2021
Salary	3,034	1,378
Social security costs	12	0
Share based payments (Note 4 - p.70)	960	0
<b>Total</b>	<b>4,006</b>	<b>1,378</b>
Weighted average number of full-time employees	2	1
<b>Executive remuneration:</b>		
Board of Directors	420	420
<b>Executive board:</b>		
Salaries		
Ole Juul Jørgensen, CEO	90	90
<b>Executive board total</b>	<b>90</b>	<b>90</b>

kDKK	2022	2021
Knut Nesse	90	90
Knut Langeteig	90	90
Jan Petersen	90	90
Ragnar Joensen, Chairman	150	150
<b>Board of Directors total</b>	<b>420</b>	<b>420</b>
<b>Share based payments to Board of directors</b>		
Ragnar Joensen, Chairman	259	0
<b>Share based payments to Board of Directors</b>	<b>259</b>	<b>0</b>

## Notes

**ACCOUNTING POLICIES****Reporting class**

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises.

The accounting policies applied to these financial statements are consistent with those applied last year.

**Recognition and measurement**

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

**INCOME STATEMENT****Gross profit or loss**

Gross profit or loss comprises revenue and external expenses.

**Revenue**

Revenue from the sale of services is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

**Other external expenses**

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc.

**Staff cost**

Staff costs include employees' salaries and bonuses, social security costs and other staff costs for salaried employees.

**Other financial income**

Other financial income comprises dividends etc interest income, net capital or exchange gains on securities, payables and transactions in foreign currencies, etc.

**Other financial expenses**

Other financial expenses comprise interest expenses, etc.



## Notes

**BALANCE SHEET****Investments in group enterprises**

Investments in associates are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

**Receivables**

Receivables are measured at amortised cost, usually equaling nominal value less writedowns for bad and doubtful debts.

**Cash**

Cash comprises bank deposits.

**Other financial liabilities**

Other financial liabilities are measured at amortized cost, which usually corresponds to nominal value.

**Cash flow statement**

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, inception of finance leases, repayments of interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.

# Parent Company Details

## Parent Company

Nordic Aqua A/S  
Hundegade 1  
6760 Ribe  
Denmark

Business Registration No.:  
38 18 30 01

Registered office:  
Esbjerg

Date of incorporation:  
10.11.2016

Financial year:  
01.01.2022 – 31.12.2022

## Board of Directors

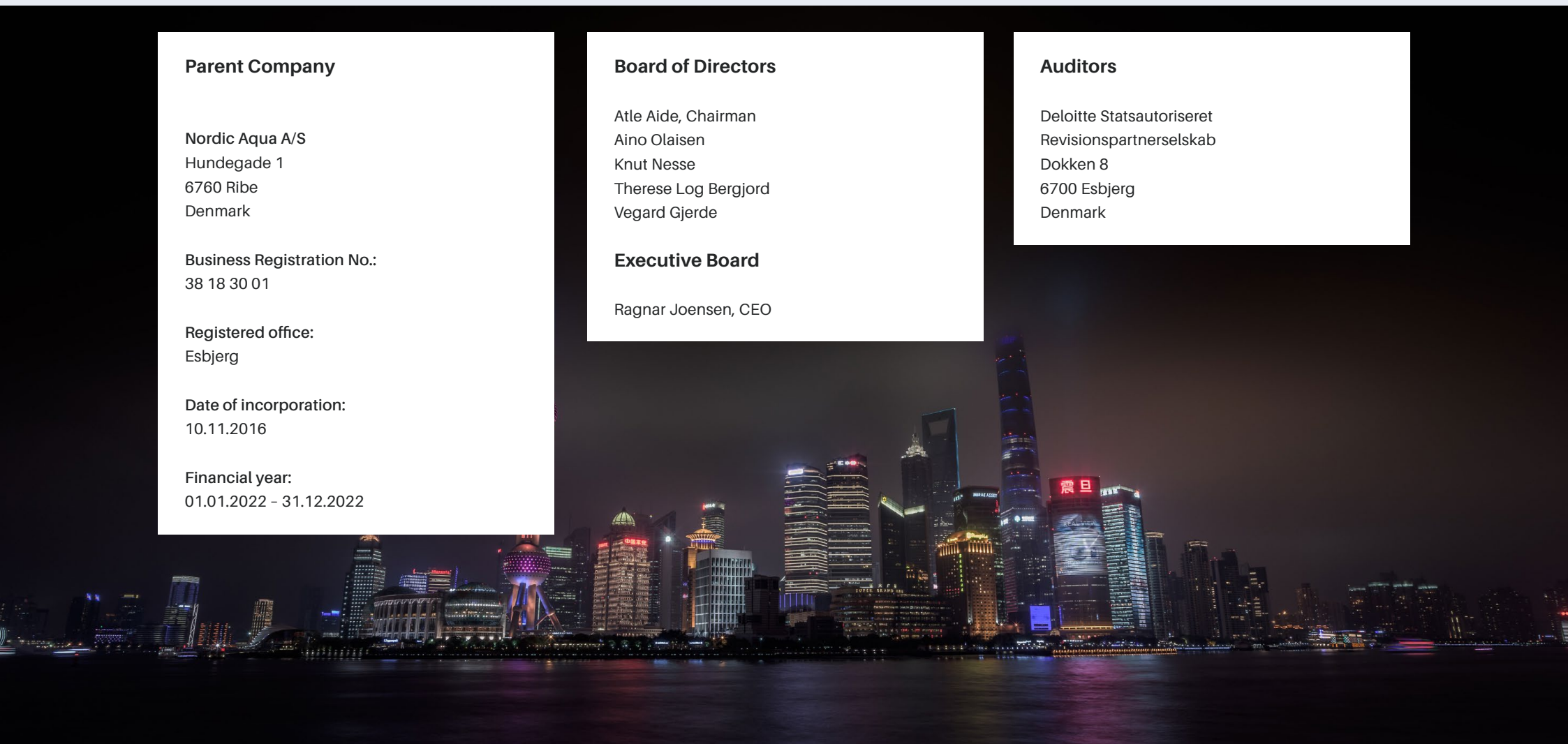
Atle Aide, Chairman  
Aino Olaisen  
Knut Nesse  
Therese Log Bergjord  
Vegard Gjerde

## Executive Board

Ragnar Joensen, CEO

## Auditors

Deloitte Statsautoriseret  
Revisionspartnerselskab  
Dokken 8  
6700 Esbjerg  
Denmark



# Independent Auditor's Report

To the shareholders of Nordic Aqua Partners A/S

## Opinion

We have audited the consolidated financial statements and the parent financial statements of Nordic Aqua Partners A/S for the financial year 01.01.2022 - 31.12.2022, which comprise the balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies and cash flow statement, for the Group as well as the Parent, and the income statement of the Parent and the statement of comprehensive income of the Group. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act, and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position at 31.12.2022, and of the results of its operations and cash flows for the financial year 01.01.2022 - 31.12.2022 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements under the Danish Financial Statements Act.

Further, in our opinion, the parent financial statements give a true and fair view of the Parent's financial position at 31.12.2022, and of the results of its operations for the financial year 01.01.2022 - 31.12.2022 in accordance with the Danish Financial Statements Act.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements" section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Statement on the management's review

Management is responsible for the management's review.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management's review and, in doing so, consider whether the management's review is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management's review is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management's review.

### **Management's responsibilities for the consolidated financial statements and the parent financial statements**

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act as well as the preparation of parent financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Parent's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and these parent financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Esbjerg, 08.05.2023

**Deloitte**

Statsautoriseret Revisionspartnerselskab  
Business Registration No. 33 96 35 56

**Mikael Grosbøl**

State-Authorised Public Accountant  
Identification No. (MNE) mne33707

**Jakob Olesen**

State-Authorised Public Accountant  
Identification No. (MNE) mne34492





**Nordic Aqua A/S**

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