



# Nordic Aqua Partners

Investor Presentation

7 February 2023

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# Presenting team



**Ove Nodland**  
CEO

**NIP** *Honorary citizen  
of Ningbo*  
NORDIC INDUSTRIAL PARK



**Ragnar Joensen**  
Working Chairman

**TYTLANDSVIK** **MQWI** **NOVA**  
AQUA AS S E A



**Hjalti Hvítklett**  
CFO

**PELAGOS**  
PELAGIC FISH FROM THE FAROE ISLANDS



# Content

- 1. Investment case
- 2. Supplementary information
- 3. Risk factors

# Nordic Aqua Partners

## – only producer of fresh Atlantic salmon in China



- 1 First local producer of fresh Atlantic Salmon to the Chinese market on an industrial scale
- 2 Production capacity of 4,000 tonnes under construction and fully financed. Business plan to expand to 20,000 tonnes. Est. MNOK 300 additional funding needed to secure expansion to at least 8,000 tonnes
- 3 Construction progressing according to time and budget
- 4 Three batches already in production and outperforming budget on growth and mortality – first harvest expected in Q1 2024



First Atlantic Salmon farmer on land in China



Delivering locally to the #1 seafood market in the world



World-class management team with strong RAS and local business know-how



De-risked production setup with conservative production parameters

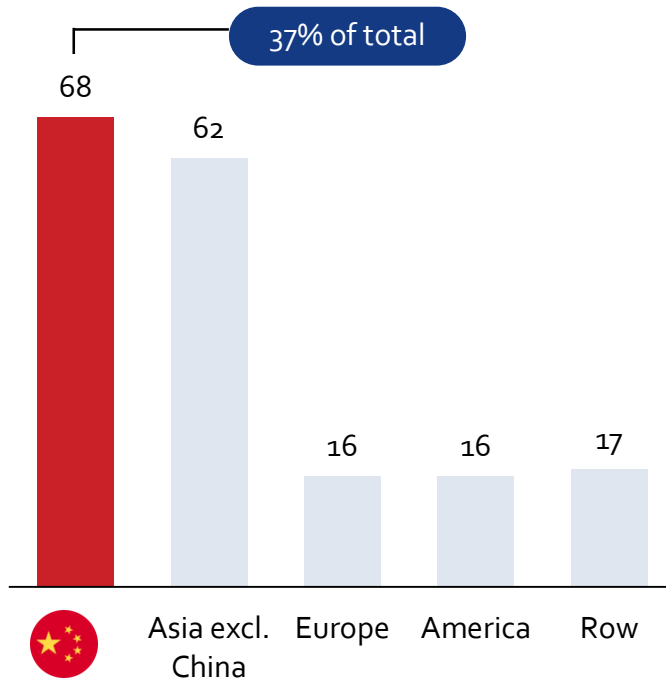


Supported by strong industry partners (AKVA Group, Skretting, local government)

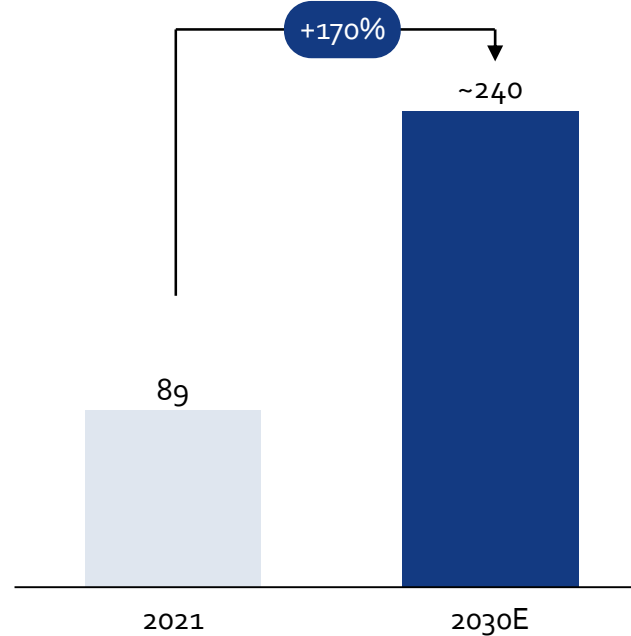
# China is the #1 seafood market

## Large untapped Atlantic salmon potential

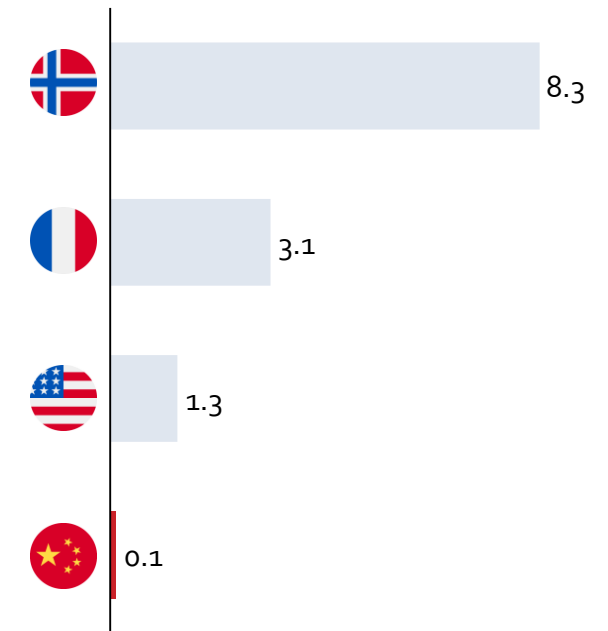
**China is the #1 seafood market**  
Total seafood demand 2031 (mtonnes)



**Growing demand for Atlantic salmon**  
Total Atlantic salmon demand in China (ktonnes)

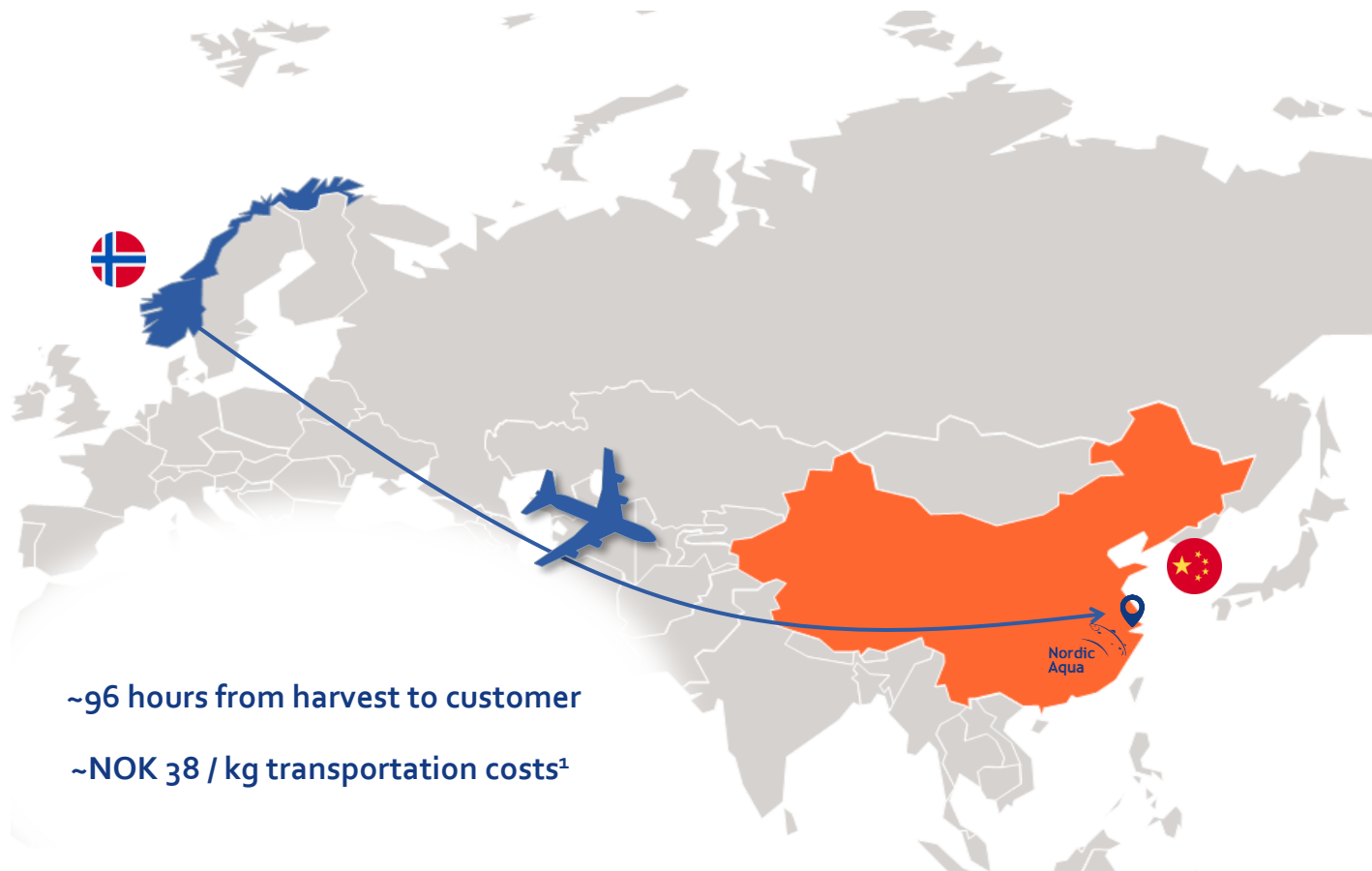


**Substantial market potential**  
Per capita Atlantic salmon consumption (kg)



# Substantial advantages with local production in China

100% of Atlantic salmon is imported to China – 55% by air from Norway

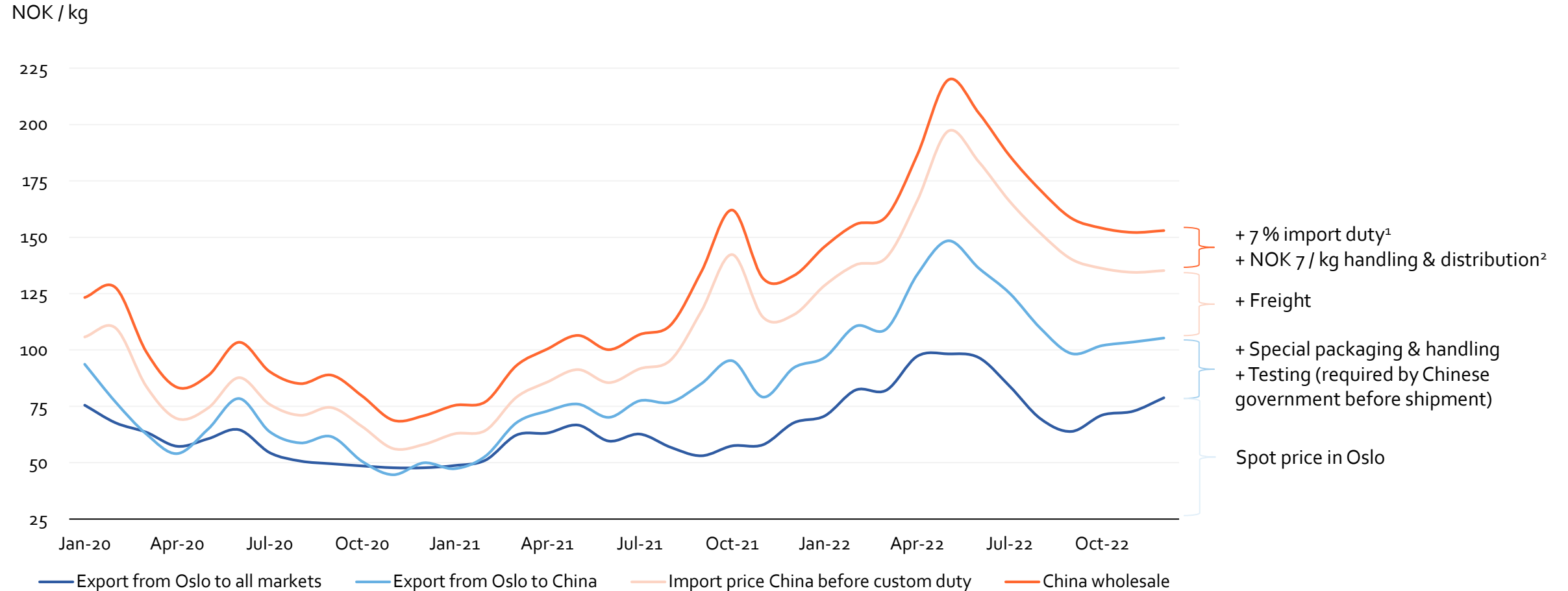


## Key advantages of local production

- 1 Substantially lower cost**  
Avoid additional costs related to transportation and special packaging
- 2 Premium freshness and quality**  
NOAP with ~5 hours from harvest to customer vs. +4 days from imported Atlantic salmon by air
- 3 Sustainability advantage**  
Significantly lower emissions due to no air transport, and less required packaging
- 4 More flexible delivery**  
Less regulatory requirements and transportation enables easier access and more flexibility in delivery to customers

# Atlantic salmon in China is priced substantially above Oslo

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





# Strategically located nearby more than 800 million consumers



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

# Gaotang is the ideal location for land-based Atlantic salmon farming



## Suitable water quality

Water is sourced from the ocean right next to the facility and has been through several years of monitoring and testing



## Stable energy prices

Stable and low electricity prices in China over the last ten years. Energy market is not impacted by the European situation with ~0.75 NOK per kWh last ten years



## 100% renewable energy

Gaotang is a net exporter of renewable energy with a 400 GWh solar and wind power plant in the immediate vicinity. In addition, solar panels on the roof will cover ~25% of the energy consumption



## Modern infrastructure

Well established road- and train infrastructure in Gaotang and China enables for efficient and sustainable transport of fresh Atlantic salmon

# Strong governmental support and long-term partnership

## Confirmed support for 20,000 tonnes production



### Attractive taxation for land-based farming in China

- 50% reduction in corporate tax for land-based companies in China, resulting in a corporate tax rate of 12.5% for NOAP
- Exemption of import fees for land-based farming technology
- No taxation on primary processing
- 10% withholding tax on dividends to Norwegian entity

### Gaotang is set to become the “centre of excellence” for aquaculture

- Regional government has a long-term perspective and partnership with Nordic Aqua Partners to build a leading community for aquaculture in Gaotang
- Confirmed support by regional government for 20,000 tonnes project with terms to be settled
- Lease partnership incentivizes local authorities to assist in regulatory processes
- Subsidized living costs for employees and personnel working at the facility

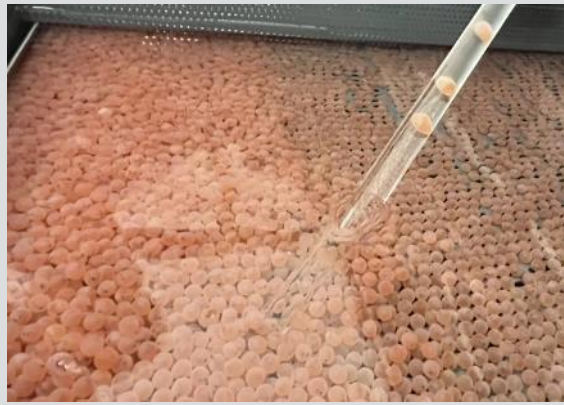
# Stage 1 construction is on time and on budget

- Project continues to develop on time and on budget
- Construction activity in full motion – carried under lease agreement
- Installation of RAS 03 completed in October, fish moved from RAS 02 to RAS 03 in November, according to schedule
- Installation of RAS 04 completed and on schedule for fish transfer in February 2023
- Construction of RAS 05 to 09 facility in process as per plan



# Successful delivery of first eggs on site in Q1 2022

Hatchery



March

**Batch 1**

First eggs arrived on site March 9<sup>th</sup>

Status: Completed

**Batch 2:**

Second batch of eggs arrived on site in June

**Batch 3:**

Third batch of eggs arrived on site in September

RAS 01



May

**Batch 1**

Introduced in May for start feeding

Status: Completed

**Batch 2:**

Introduced in August

RAS 02



July

**Batch 1**

Transferred from RAS 01 to RAS 02 in July

Status: Completed

**Batch 2:**

Introduced in November

RAS 03



October

**Batch 1**

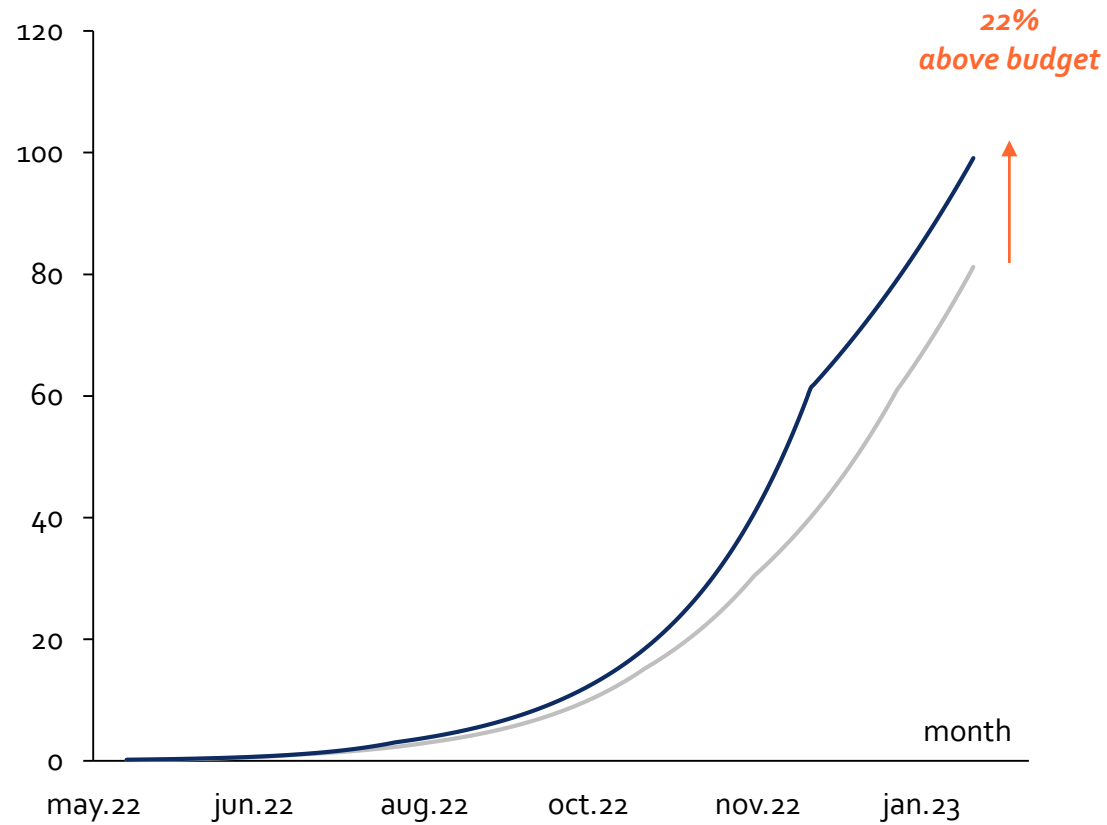
Transfer from RAS 02 to RAS 03 in November

Status: Completed

# Biological performance above budget

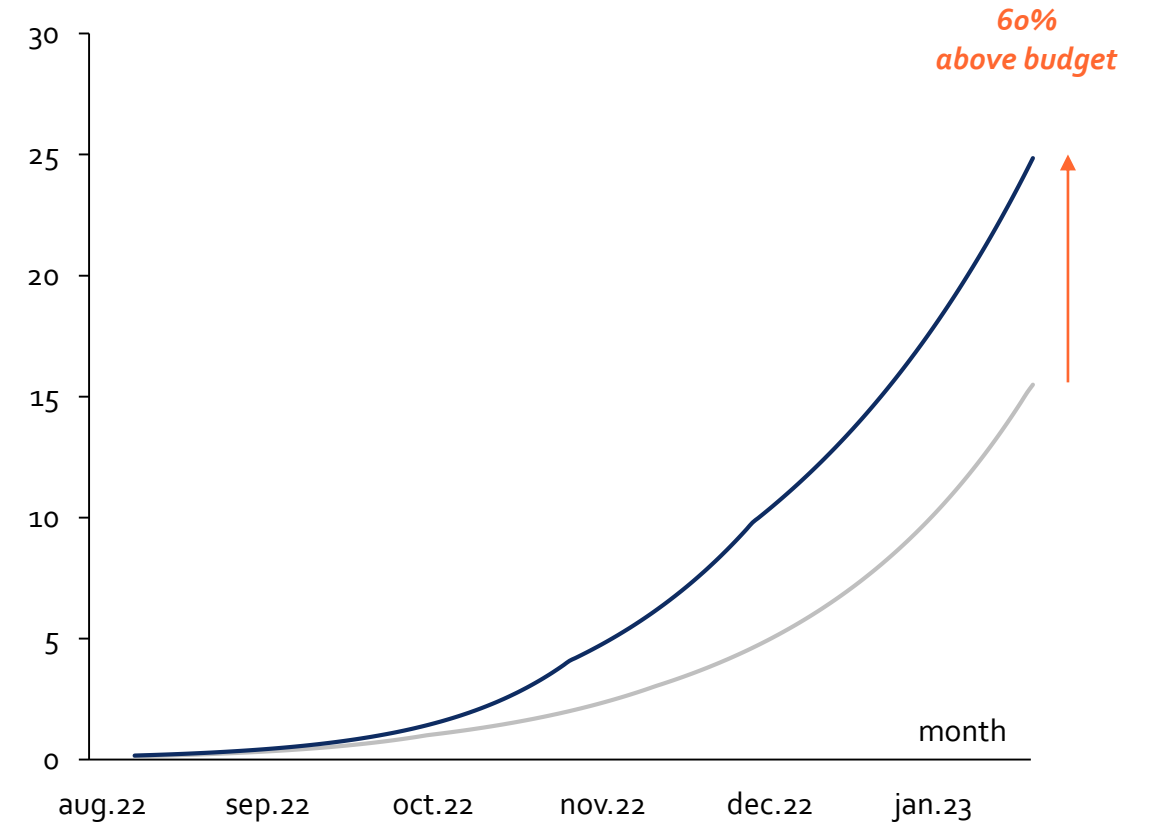
## Batch 1 started May 2022

Average weight (g) — Actual — Budget



## Batch 2 started August 2022

Average weight (g) — Actual — Budget



# RAS-team with unparalleled track-record

## Senior RAS management team



### Working Chairman

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



### Farm Manager

- ~12 years of RAS experience
- Mowi, Vågåfossen Settefisk and Marineholmen RASLab



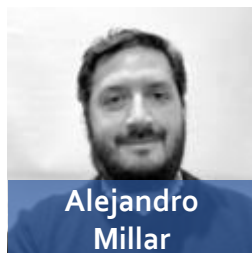
### Assistant Farm Manager

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



### RAS salmon expert

- >20 years RAS Atlantic salmon production
- Freshwater manager at Mowi & consultancy for land-based projects



### Fish Health Manager

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

**RAS team with combined experience of 100+ years and operating 20+ RAS facilities**

## Selected reference projects

### Faroe Islands

Facility built by Mowi in 2017

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

**Ragnar Joensen & Johan Toftegaard working in the team responsible for design and construction with technology from AKVA Group**



### Norway

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

Constructed on time and budget

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

**Ragnar Joensen working in the team responsible for design and construction with technology from AKVA Group**



# Robust technical design and production approach



## ✓ Water replacement

- The RAS design ensures very clear water with very high water exchange rate in fish tanks

## ✓ Water temperature

- Cooling capacity is sufficient to maintain ideal temperature for Atlantic salmon

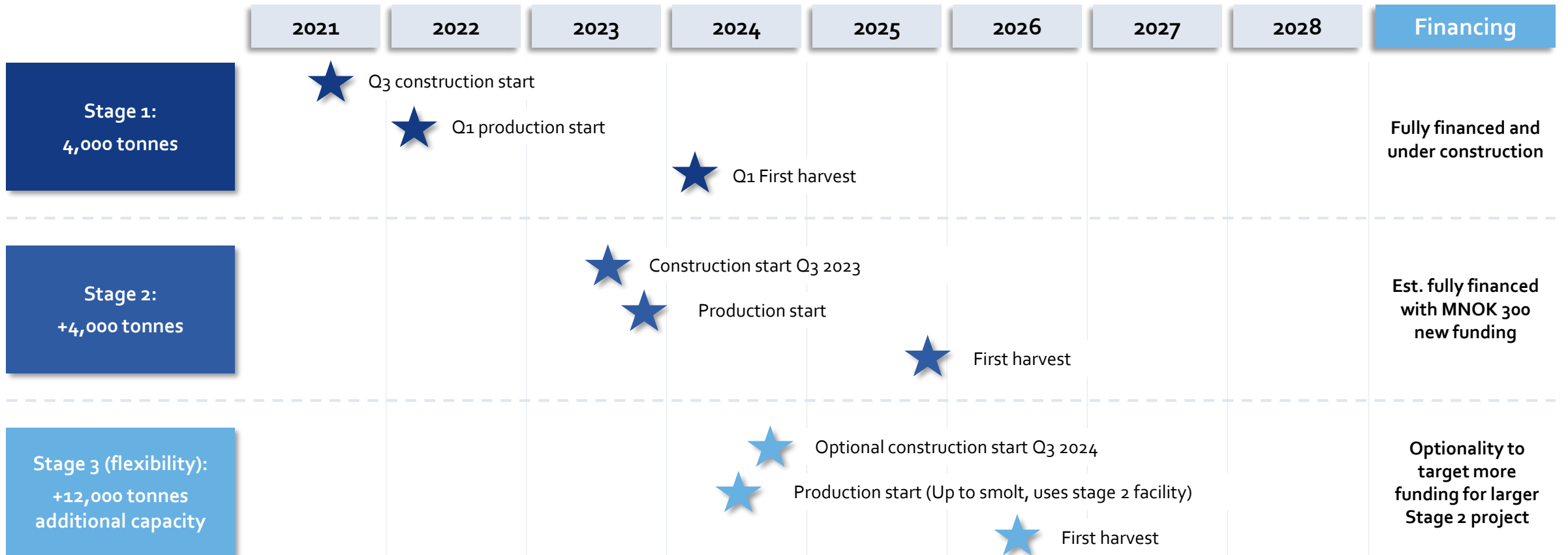
## ✓ Salinity

- The system is fully flexible on adjusting salinity and will mainly run with low salinity to prevent incidents of fish loss



# Expanding capacity towards 20,000 tonnes

## Flexibility on expansion project size (Stage 2 / 3)



# Attractive project economics

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

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

<sup>1</sup> Capex relates to RAS equipment, building is leased

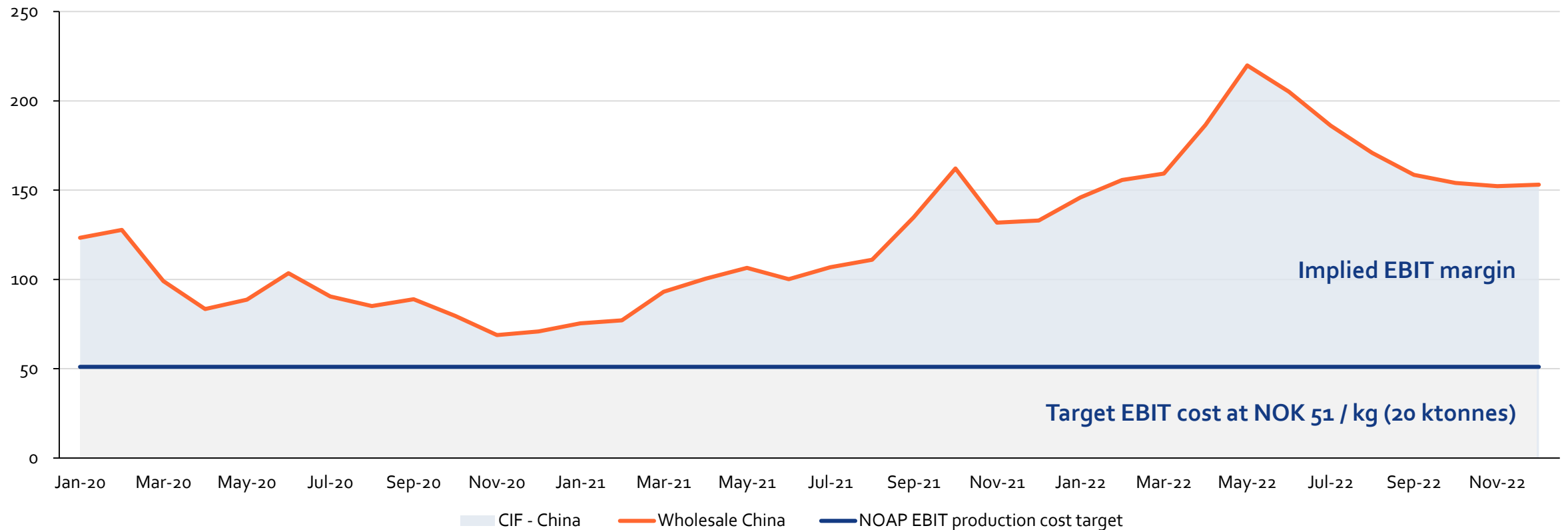
<sup>2</sup> Estimated capex financed under lease with local government

<sup>3</sup> 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

# Target production cost and local prices result in robust margins

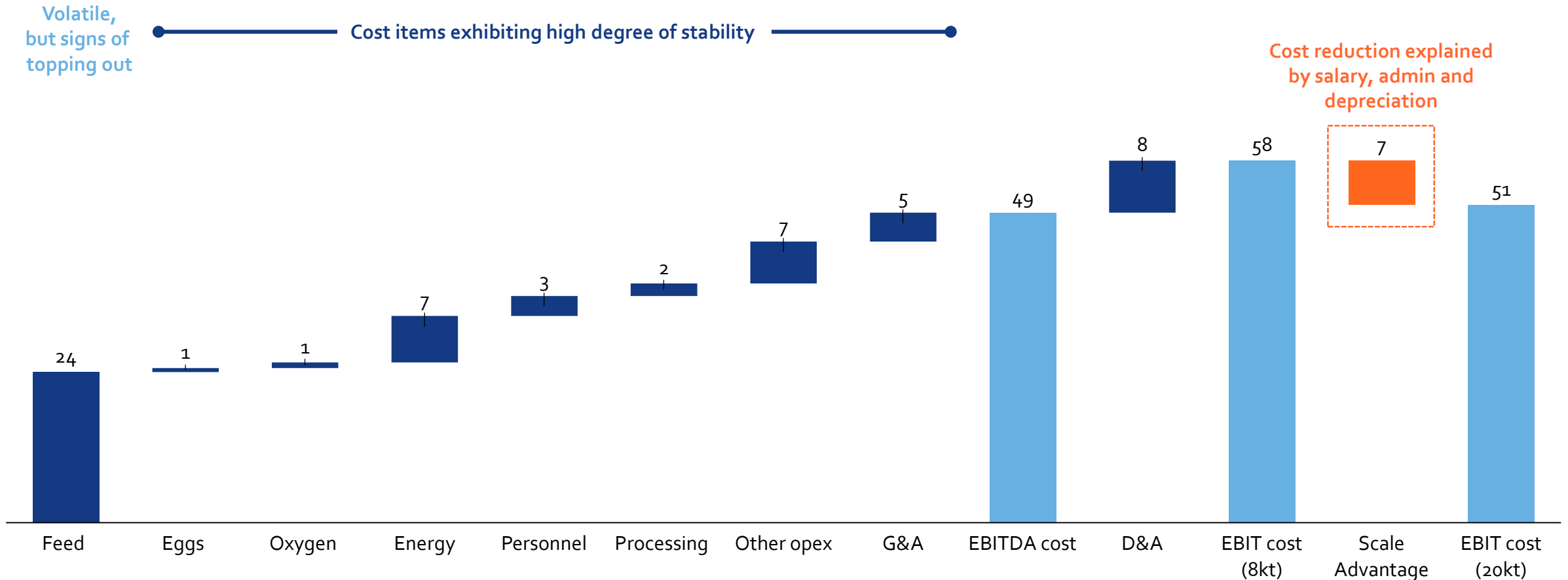
## Wholesale price in China and implied margin from target production cost

NOK / kg



# Robust production cost profile with reductions driven by scale

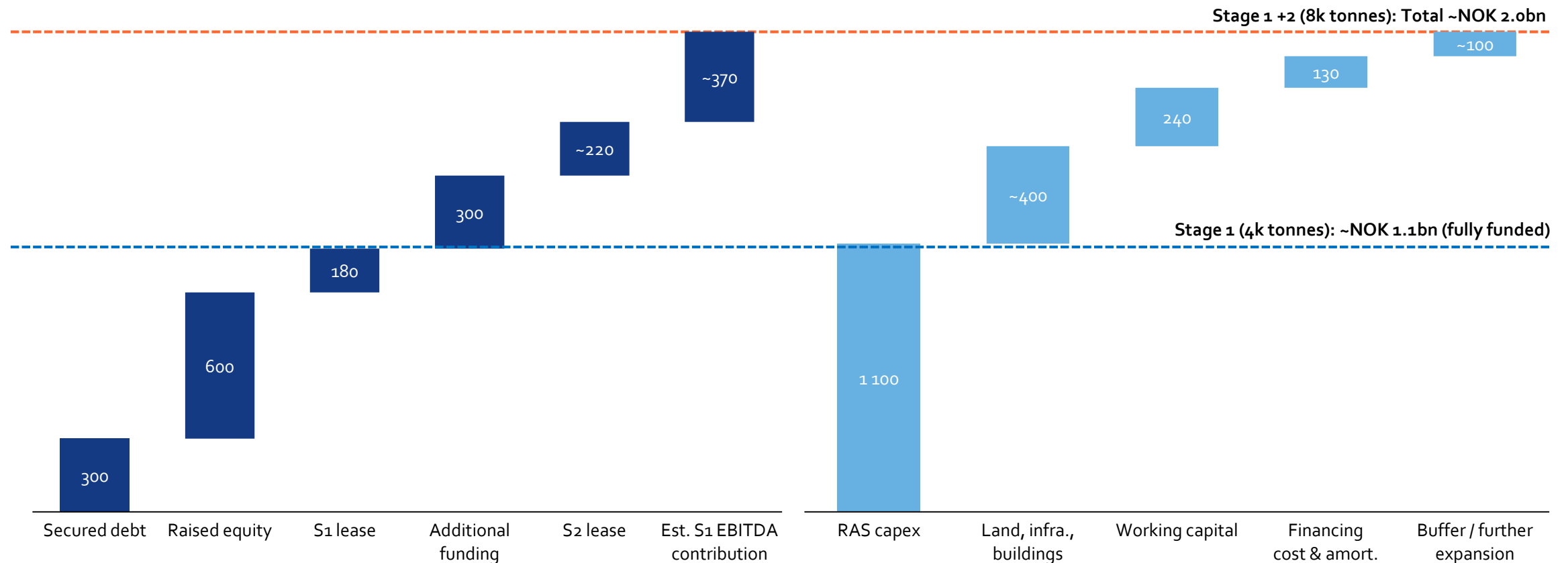
Target production cost breakdown for stage 8,000 tonnes case (NOK/kg, HOG)



# Est. fully financed on expansion to 8,000 tonnes capacity with MNOK 300 additional funding

## Financing sources (NOKm)

## Uses of funds (NOKm)



# Conservative production capacity assumptions

## Productivity sensitivity analysis

		Productivity (kg growth lwe / m <sup>3</sup> / yr)	Stage 1+2 production (tonnes)	EBIT cost (NOK / kg HOG)	RAS Capex <sup>1</sup> (NOK / kg HOG)
Downside scenario	➔	110	6,900	62	156
		120	7,600	59	141
NOAP assumption	➔	127	8,000	58	134
		140	8,800	55	122
Upside scenario	➔	150	9,500	54	113

# Capex and funding visibility is firming up on expansion stages

	Stage 1 4,000 tonnes	Stage 2 +4,000 tonnes	Stage 3 +12,000 tonnes
Land	Secured		
Water supply & waste permission	Secured		
Power supply	Secured		
Groundworks and infrastructure	Secured		Initiated negotiations
Building	Secured	In advanced negotiations	Initiated negotiations
Lease financing status	In place (10 + 10 years)	In advanced negotiations	Initiated negotiations
RAS equipment capex	Fixed price contract	In final stages of concluding model with AKVA	In final stages of concluding model with AKVA



## Partnership with local government

Local government is incentivizing Atlantic salmon farming and therefore finances land, groundworks, infrastructure and buildings through attractive lease agreement



## Favourable lease terms

Terms in lease contract for 8,000 tonnes settled. Phase 2 terms to be settled by Q1 23. No lease is paid before first harvest



## Purchase option of facilities

NOAP has signed a purchase option for 20 years with Chinese government on settled terms

# Investment highlights



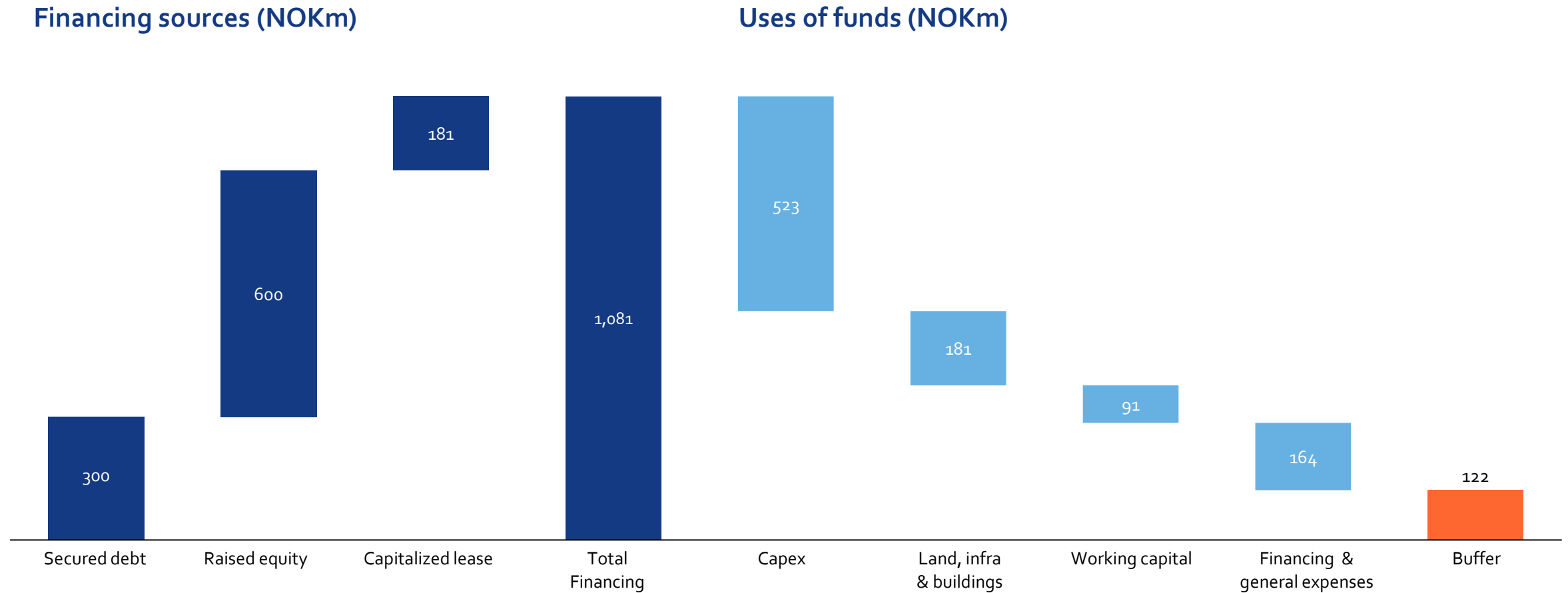
- 1 Only industrial producer of Atlantic salmon in China
- 2 Atlantic salmon in China is priced substantially above Oslo creating a superior margin potential
- 3 Access to massive Chinese consumer markets within hours from production site
- 4 On path towards 20,000 tonnes production. New funding estimated to secure expansion to 8,000 tonnes
- 5 Experienced team with unmatched RAS execution capabilities
- 6 Strong backing from local government and leading industry players



# Content

1. Investment case
2. Supplementary information
3. Risk factors

# Funded with significant buffer for Stage 1 under construction



# EBIT sensitivity to productivity and Atlantic salmon price

Illustrative

## EBIT sensitivity 8,000 tonnes (NOKm)

Price \ Productivity	100	120	140	160	180
100	262	400	538	676	814
120	309	461	613	765	917
127	336	496	656	816	976
140	396	572	748	924	1,100
150	437	627	817	1,007	1,197

## EBIT sensitivity 20,000 tonnes (NOKm)

Price \ Productivity	100	120	140	160	180
100	792	1,138	1,484	1,830	2,176
120	906	1,284	1,662	2,040	2,418
127	988	1,388	1,788	2,188	2,588
140	1,134	1,574	2,014	2,454	2,894
150	1,247	1,719	2,191	2,663	3,135

# Overview of secured debt financing and loan agreements

## Loan facility



The diagram illustrates the loan facility structure. At the top, Eksfin<sup>NO</sup> (EKSPORTFINANSIERING NORGE) provides a loan of NOK 250m. Below this, Eksfin<sup>NO</sup> provides 70% of the guarantee, while Rabobank provides 30% of the guarantee.

**Eksfin<sup>NO</sup>**  
EKSPORTFINANSIERING NORGE

Provides loan of  
NOK 250m

**Eksfin<sup>NO</sup>**  
EKSPORTFINANSIERING NORGE  
70% of Guarantee

**Rabobank**  
30% of Guarantee

- Export Credit Financing and 70% guarantee from Export Credit Norway and GIEK
  - Financing and partial guarantee from Eksport Credit Norway
- 30% guarantee from Rabobank, the world's largest agriculture bank

## Working capital facility with local bank



The diagram shows the working capital facility with the Bank of Ningbo. The bank's logo, featuring a stylized orange and yellow globe, is displayed next to the Chinese characters '宁波银行' and the English name 'BANK OF NINGBO'. Below the logo, it states that the working capital facility is approximately NOK 50m.

**宁波银行**  
BANK OF NINGBO

Working Capital facility of  
~NOK 50m

- Bank of Ningbo with extensive experience of providing banking services to foreign owned companies in China
- Banking services based on a long-term partnership
- Both parties intend to expand initial working capital facility as the business develops

# Experienced senior management team and strong partner backing

## Senior management team



### Working Chairman

- Over 25 years of experience from Aquaculture
- Former MD of Mowi Norway and Global Head of Technology
- Involved in more than 20 land based facilities



### CEO NAN

- More than 23 years of experience in conducting business in China
- Founded Nordic Industrial Park (>50 successful Nordic start-ups)
- Honorary citizen of Ningbo



### CFO

- Over 3 years of experience from Aquaculture
- 12 years of experience as auditor KPMG and SPEKT
- Former CFO in Pelagos



### Project Manager NAN

- 22 years of experience from project management with TTS in China
- Has managed the establishment of multiple factories and JVs in China

## Partnerships



Feed supply



Technology partner



Land, infrastructure and facilities



Debt and guarantee



Working capital facility

# RAS delivery and partnership with AKVA group

- ✓ AKVA group has a **proven RAS technology** with successful land-based projects
- ✓ **Signed contract for stage 2** between Nordic Aqua Partners and AKVA group
- ✓ **Stage 1 with turnkey fixed contract and complete solutions** to optimize cost, user friendliness and maintenance
- ✓ The RAS systems are designed to create the **best possible conditions** for healthy Atlantic salmon in our fish tanks
- ✓ **Lower mortality risk** using only 10% of normal water usage, lower salinity and **superior water quality**

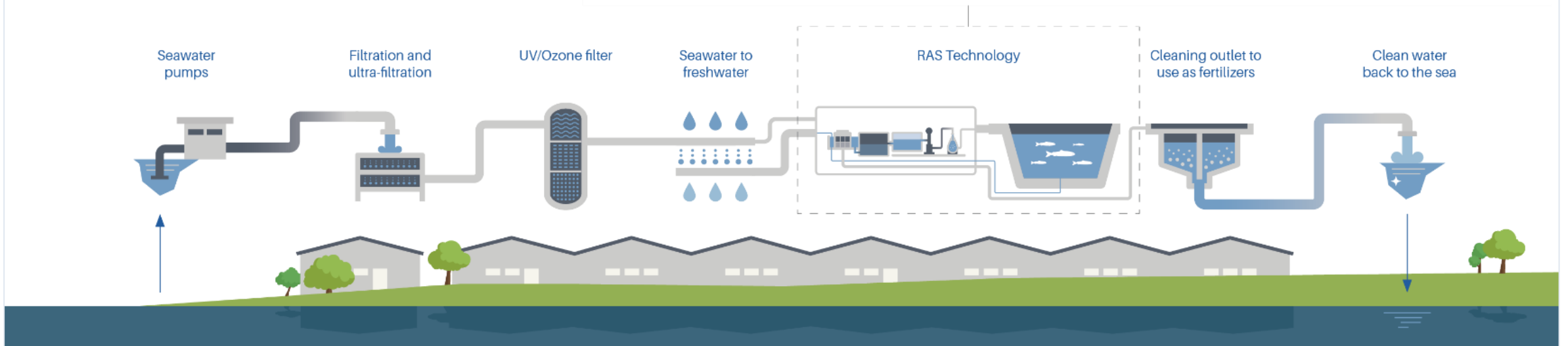
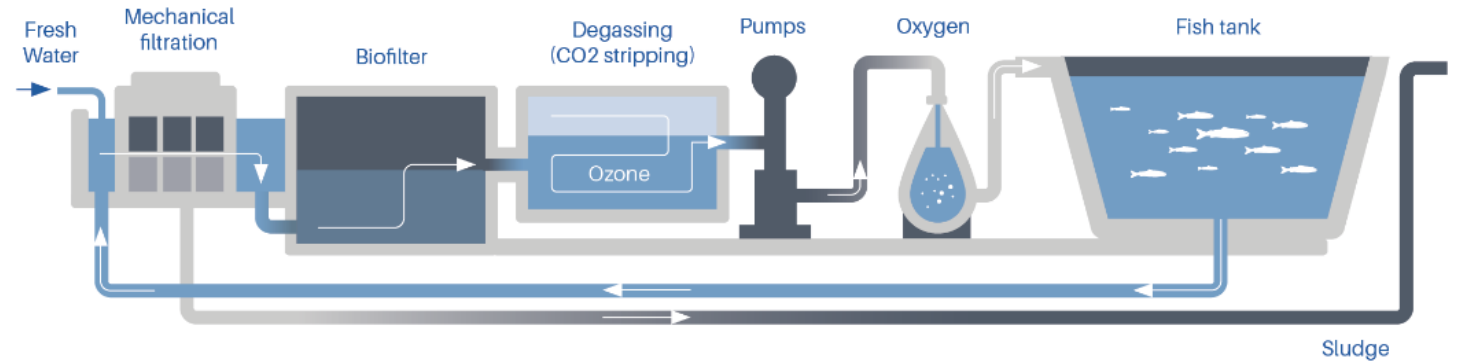


TYTLANDSVIK  
AQUA AS

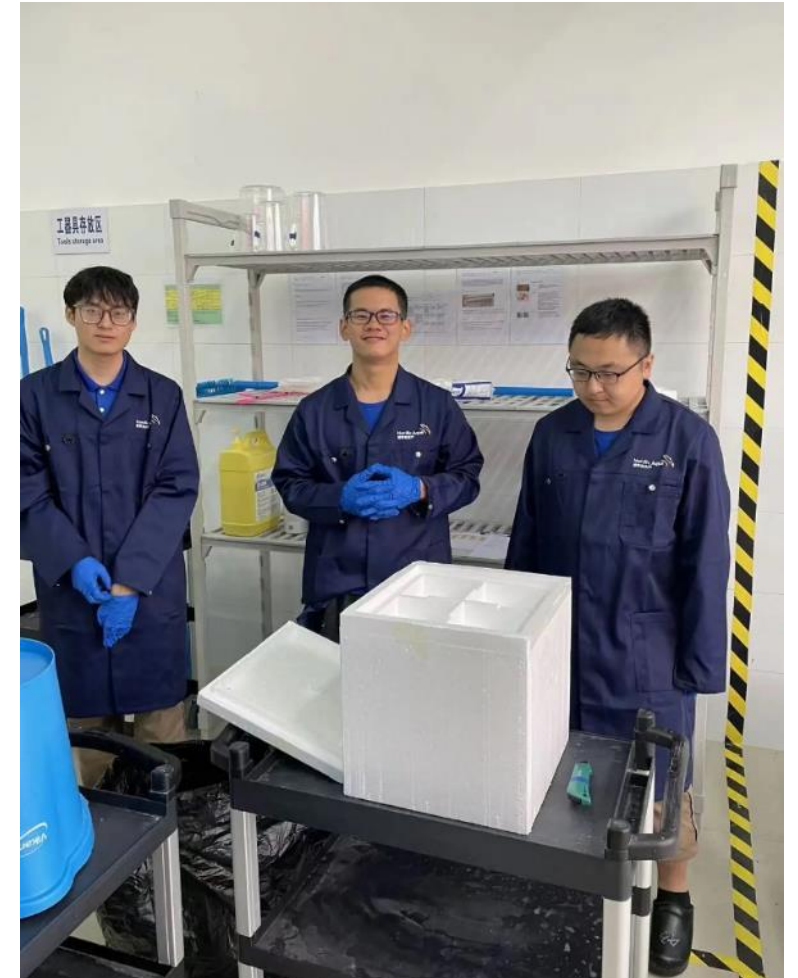
*Successful 4,800 tonnes RAS facility delivered by AKVA with less than 1% mortality and FCR of 0.88<sup>2</sup>*

# Illustration of the AKVA RAS technology

- The basic idea with the AKVA RAS systems is to clean the water from the fish tanks so it can be reused and to maintain an optimal water quality for the salmon
- Water to be sourced from the ocean right next to the facility in the Gaotang Sound
- Systems using low salinity water to avoid mortality
- High standards for cleaning before water is returning to the ocean where discharged particles can be used as fertilizing for agriculture



# Local engagement & employees at facility





# Facilities under construction



# Facilities under construction



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*All forward-looking statements included in this document are based on information available to the Company on the date hereof, and the Company assumes no obligation to update any such forward-looking statements except as required by applicable law or regulation. Investors are cautioned that any forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties and that actual results may differ materially from those included within the forward-looking statements as a result of various factors. Factors that could cause or contribute to such differences include, but are not necessarily limited to, those described in this Investor Presentation.*

*The order in which the below risks are presented is not intended to provide an indication of the likelihood of their occurrence nor their severity or significance.*

## **Risks relating to the business of the Group**

### ***No assurance can be given that the Company will achieve its objectives***

The Company is well into the process of developing and commercialising the first land-based recirculating aquaculture system for farming of Atlantic salmon in China, scheduled for its first harvest in Q1-2024. The Company has limited operating history; however, the management possesses extensive experience from both recirculating aquaculture system (RAS) based Atlantic salmon farming and from setting up and managing of businesses in China. Implementing the Company's strategy requires management to make complex judgments. Hence, no assurance can be given that the Company will achieve its objectives or other anticipated benefits. Further, risks relating to the successful implementation of the Company's strategies may increase by a number of external factors, such as downturn in salmon prices, increased competition, unexpected changes in regulation or the materialisation of any of the risk factors mentioned herein, which may require the management's focus and resources, and which could in turn imply failure or delay in the successful adoption of the Company's business strategy. Failure to implement the Company's business strategy could have a material adverse effect on the Company's results, financial condition, cash flow and prospects.

### ***Full-cycle land-based salmon farming is a relatively new industry which is subject to inherent risks***

Full-cycle land-based salmon farming is a relatively new industry, but experience with land-based salmon farming has been developing rapidly following the practical implementation of research and practical operation taking place in several different companies. The Company seeks to benefit from experience from traditional salmon farming, including on-land post-smolt production, even though realizing that land-based fish farming to harvest size has its own challenges, such as limited numbers of independent water systems and dependency on constant, uninterrupted electrical power. As such, there are still major biological challenges to overcome prior to establishing a fully predictable production cycle. In addition to the inherent risks involved in being in a development phase in a new industry, such as faults in production, operations, maintenance, etc., there is also a risk that the Company's commercialisation strategy proves not to be the best, and that other players in the same industry are able to commercialize in a more rapid pace than the Company, which may in turn have material adverse effects on the Company's results, financial condition, cash flow and prospects.

### ***The Company is exposed to risks relating to volatile, negative or uncertain economic or political conditions***

The Group may be affected by the latent conflict between China and Taiwan, the possible escalation of which could entail a number of challenges for the Group's operations and the marketability of its products world-wide, for example due to possible sanctions.

Due to the still ongoing COVID-19 pandemic, strict measures are being imposed by Chinese authorities in some regions in China although there are now also signals that there may be eases in such measures, and if the Group's operations in China were to be affected by such measures, that may affect the Group's operations in China. The war in the Ukraine is impacting the global economy, and to the extent it continues and escalates, it may cause challenges for the Group. The above factors and other negative or uncertain economic or political volatility could have a material adverse effect on the Company's business, results of operations, financial condition, cash flows and/or prospects.

### ***Risks related to global economy and consumer spending***

The Company is exposed to fluctuations in the global economy in general, as well as end consumer spending which could result in a higher demand for low-cost alternatives and thus difficulties for the Company in selling its product, which could in turn have a material adverse effect on the Company's business, results of operations, cash flows, financial condition and/or prospects.

### ***Damage to the Company's reputation and business relationships could have an adverse effect beyond any monetary liability***

The Company's business depends on client goodwill, reputation and on maintaining good relationships with its clients, partners, suppliers and employees. Any circumstances that publicly damage the Company's goodwill, injure the Company's reputation or damage the Company's business relationships, may lead to a broader adverse effect than solely the monetary liability arising directly from the damaging events by way of loss of clients, partners and employees. These events could have a material adverse effect on the Company's business, results of operations, financial condition, cash flows and/or prospects.

### ***The Company is vulnerable to errors in technology, production equipment and maintenance routines***

The Company is vulnerable to errors in technology, production equipment and maintenance routines. Such errors could cause damage to the Company's production and biomass, which will be the Company's most valuable asset. Therefore, it is of high importance that the Company holds the ability to implement routines and safety measures to protect its production line and develop its biomass. The Company is partly reliant on third-party suppliers of technical production equipment, as well as sufficient maintenance routines for its production facilities. Despite the security and maintenance measures in place, the Company's facilities and systems, and those of its third-party service providers, may be vulnerable to technical errors, limits in capacity, breaches in routines, lack of surveillance, acts of vandalism, human errors or other similar events.

# Risk factors (II/III)

## ***The Company's operations are subject to several biological risks***

The Company's operations will be subject to several biological risks which could have a negative impact on future profitability and cash flows. Biological risks include for instance oxygen depletion, diseases, viruses, bacteria, and other contaminants, which may have adverse effects on fish survival, health, growth and welfare and result in reduced harvest weight and volume, downgrading of products and claims from customers. An outbreak of a significant or severe disease represents a cost for the Company through e.g. direct loss of fish, loss of biomass growth, accelerated harvesting and poorer quality on the harvested fish and may also be followed by a subsequent period of reduced production capacity and loss of income. The most severe diseases may require culling and disposal of the entire stock and disinfection of the farm. Salmon farming has historically experienced several episodes with extensive disease problems, and no assurance can be given that this will not also happen in the future. Epidemic outbreaks of diseases may have a material adverse effect on the business, financial condition, results of operations or cash flow of the Company.

## ***The Company may be unable to attract and retain key management personnel and other employees, which may negatively impact the effectiveness of the Company's management and results of operations***

The Company's performance is to a large extent dependent on highly qualified personnel and management, and the continued ability of the Company to compete effectively and implement its strategy depends on its ability to attract new and well qualified employees and retain and motivate existing employees. Any loss of the services of key employees, particularly to competitors, or the inability to attract and retain highly skilled personnel could have a material adverse effect on the Company's business, results of operation, financial condition and prospects.

## ***Risk related to real property and construction projects***

The Company has successfully completed most of the construction for Stage 1 of the project and already secured the right to utilize required and designated land area for the intended purpose. The Company has also been granted rights and licenses to construct the required facilities, infrastructure and utilities, subject only to formal approvals, which will be based on detailed design drawings to presented when completed. The Company's planned construction project will be subject to numerous risks, including possible shortages or delays in equipment, materials or skilled labour, unanticipated cost increases, design or engineering changes, labour disputes and adverse weather conditions or any other events of force majeure, all of which may cause delays or cost overruns. Significant cost overruns or delays could in turn cause disruption in operations and the need to implement changes in productions to adapt to such delays and have a material adverse effect on the Company's business, results of operations, cash flows, financial condition and/or prospects.

## ***The price of farmed salmon may fluctuate***

The Company's financial position and future prospect depend on the price of farmed salmon, which has historically been subject to substantial fluctuations. Farmed salmon is a commodity, and the Company therefore assumes that the market price will continue to follow a cyclical pattern based on the balance between total supply and demand. No assurance can be given that the demand for farmed salmon will not decrease in the future. Farmed salmon is furthermore generally sold as a fresh commodity with limitation on the time available between harvesting and consumption. Short-term overproduction may therefore result in very low spot prices obtained in the market. The entrants of new producing nations or the issuance of new production licenses could result in a general overproduction in the industry. Short-term or long-term decreases in the price of farmed salmon may have a material adverse effect on the business, financial condition, results of operations or cash flow of the Company.

## ***The Company may not be able to maintain sufficient insurance to cover all risks related to its operations***

The Company's business is subject to a number of risks and hazards. Such occurrences could result in monetary losses and possible legal liability. Although the Company seeks to maintain insurance or contractual coverage to protect against certain risks to the extent it considers reasonable, its insurance may not cover all the potential risks associated with the Company's operations. In addition, the Company may experience increased costs related to insurance. Should liability limits be increased via legislative or regulatory action, it is possible that the Company may not be able to insure certain activities to a desirable level. The materialization of risks that the Company does not have sufficient insurance coverage for could have a material adverse effect on the Company's business, results of operations, financial condition, cash flows and/or prospects.

## ***Risks related to laws and regulations***

The Company's operations are subject to extensive regulations on environmental protection, food safety, hygiene and animal welfare. Future changes in the laws and regulations applicable to the Company can be unpredictable and are beyond the control of the Company. Such changes could imply the need to materially alter the Company's operations and set-up, which could in turn have a material adverse effect on the business, financial condition, results of operations or cash flow of the Company. The Company is also subject to applicable Chinese corporate and tax laws and regulations and to tax treaties. Any changes to such laws and regulation may result in a need for material economic and operational changes as well as a need for a restructuring of the Group's current legal structure and/or a materially higher effective tax rate on earnings and could result in material changes to the Company's financial results.

## ***Risk related to litigation, disputes and claims***

No assurance can be given that the Company will not be exposed to claims, litigation and compliance risks, which could expose the Company to losses and liabilities. Such claims, disputes and proceedings are subject to several uncertainties, and their outcomes are often difficult to predict, particularly in the earlier stages of a case or an investigation. Adverse regulatory action or adverse judgments in litigation could result in sanctions of various types for the Company, including, but not limited to, the payment of fines, damages or other amounts, the invalidation of contracts, or in restrictions or limitations on the Company's operations, any of which could have a material adverse effect on the Company's reputation and financial condition.

## ***The Company is exposed to risks relating to failure to comply with applicable tax legislation***

The Company is subject to prevailing tax legislation, treaties and regulations in every jurisdiction in which it is operating and the interpretation and enforcement thereof. The Company's income tax expenses are based upon its interpretation of the tax laws in effect at the time that the expense is incurred. If the Company's interpretation of the tax laws is at variance with the interpretation of the same tax laws by tax authorities, this could have a material adverse effect on the Company's business, results of operations, financial condition, cash flows and/or prospects. If any tax authority successfully challenges the Company's operational structure, intercompany pricing policies, the taxable presence of its subsidiaries in certain countries, or if taxing authorities do not agree with the Company's and/or any subsidiaries' assessment of the effects of applicable laws, treaties and regulations, or the Company loses a material tax dispute in any country, or any tax challenge of the Company's tax payments is successful, the Company's effective tax rate on its earnings could increase substantially, which could have a material adverse effect on the Company's business, results of operations, financial condition, cash flows and/or prospects.

## **Financial risks**

### ***Future funding may not be available on favourable terms in the future, or at all***

The Company's plan to expand its production capacity to 20,000 tonnes is dependent on the Company's ability to secure additional funding in the form of equity and third party financing. Such funding may not be available when needed or on favourable terms. If the Company raises additional funds by issuing additional equity securities, holdings and voting interests of existing shareholders could be diluted. If funding is insufficient at any time in the future, the Company may be unable to fund expansion plans, maintenance requirements and acquisitions, take advantage of business opportunities or respond to competitive pressures, any of which could adversely affect the Company's financial condition and results of operations.

# Risk factors (III/III)

## ***Risk related to terms of current financing and events of default***

The Company has entered into a loan agreement with Eksportfinansiering Norge, Norway, as lender and Coöperative Rabobank U.A. as Bank Guarantor for a senior secured export credit term loan and guarantee facility agreement, amounting to EUR 25,000,000. The Group's ability to service its debt will depend upon, inter alia, its future financial and operating performance, which will be affected by prevailing economic conditions as well as financial, business, regulatory and other factors, some of which are beyond its control. If the Group's operating income is not sufficient to service its current or future indebtedness and Governances, the Group will be forced to take action such as reducing or delaying business activities, acquisitions, investments or capital expenditures, selling assets, restructuring or refinancing its debt or seeking additional equity capital. The Group may not be able to affect any of these remedies on satisfactory terms, or at all.

## ***Future debt levels could limit the Company's flexibility to obtain additional financing and pursue other business opportunities***

The Company's future debt arrangements could limit the Company's liquidity and flexibility in obtaining additional financing and/or in pursuing other business opportunities. Further, the Company's future ability to obtain bank financing or to access the capital markets for any future debt or equity offerings may be limited by the Company's financial condition at the time of such financing or offering, as well as by adverse market conditions resulting from, among other things, general economic conditions and contingencies and uncertainties that are beyond the Company's control. The Company's failure to obtain funds for future capital expenditures could impact the Company's results of operations, financial condition and prospects. The issuance of additional equity securities will dilute existing shareholders' interest in the Company.

## ***Market risk, including currency and interest risk***

The Company is headquartered in Denmark and operates in China, and any currency fluctuations between DKK, EUR and RMB could have a material adverse effect on the Company's business, results of operations, cash flows and financial conditions.

## **Risks related to the Shares**

### ***The price of the Shares may fluctuate significantly***

The trading price of the Shares could fluctuate significantly in response to a number of factors beyond the Company's control, including quarterly variations in operating results, adverse business developments, changes in financial estimates and investment recommendations or ratings by securities analysts, significant contracts, acquisitions or strategic relationships, publicity about the Company, its products and services or its competitors, lawsuits against the Company, unforeseen liabilities, changes to the regulatory environment in which it operates or general market conditions. In recent years, the stock market has experienced extreme price and volume fluctuations. This volatility has had a significant impact on the market price of securities issued by many companies. Those changes may occur without regard to the operating performance of these companies. The price of the Shares may therefore fluctuate based upon factors that have little or nothing to do with the Company, and these fluctuations may materially affect the price of its Shares.

### ***Future issuances of shares or other securities in the Company may dilute the holdings of shareholders and could materially affect the price of the Shares***

The Company may in the future decide to offer additional shares or other securities to finance new capital-intensive projects, in connection with unanticipated liabilities or expenses, or for any other purposes. If the Company raises additional funds by issuing additional equity securities, the holdings and voting interests of existing shareholders could be diluted.

### ***Future sales, or the possibility for future sales of substantial numbers of Shares may affect the Shares' market price***

The Company cannot predict what effect, if any, future sales of Shares, or the availability of Shares for future sales, will have on their market price. Sales of substantial amounts of Shares in the public market, or the perception that such sales could occur, may adversely affect the market price of the Shares, making it more difficult for holders to sell their Shares in the future at a time and price that they deem appropriate.

### ***The Company may be unwilling or unable to pay any dividends or make distributions***

Dividends may only be declared to the extent that the Company has distributable funds and the Company's Board of Directors finds such a declaration to be prudent in consideration of the size, nature, scope and risks associated with the Company's operations and the need to strengthen its liquidity and financial position. Any distribution of dividends will have to comply with applicable law.

### ***Investors could be unable to exercise their voting rights or Shares registered in a nominee account***

Beneficial owners of Shares that are registered in a nominee account or otherwise through a nominee arrangement (such as through brokers, dealers or other third parties) may be unable to exercise their voting rights for shares unless their ownership is re-registered in their names with the VPS prior to a general meeting. There is no assurance that beneficial owners of the Shares will receive the notice of any general meeting in time to instruct their nominees to either effect a re-registration of their Shares or otherwise vote for their Shares in the manner desired by such beneficial owners.

### ***Shareholders' ability to bring an action against the Company may be limited***

The rights of shareholders are governed by [Danish] law and by the Company's Articles of Association. These rights may differ from the rights of shareholders in other jurisdictions. Further, it may be difficult to prevail in a claim against the Company under, or to enforce liabilities predicated upon, securities laws in other jurisdictions.

### ***Contemplated redomiciliation from Denmark to Norway***

The Company has resolved to complete a redomiciliation of the listed company from Denmark to Norway through a cross-border merger with a Norwegian company (the "**Merger**"). After the Merger, the Company will become a Norwegian limited liability company. The status for the Merger is currently that the Company is in its final stage of assessments. Completion of the Merger is subject to approval by the shareholders' meeting, and there will be a creditor notification period in accordance with standard rules. Completion of the Merger is expected on or about April 2023.

**Nordic  
Aqua**

