



# Annual Report 2023

**Nordic Aqua Partners AS**  
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Business Registration No. 928 958 280



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## Letter from CEO

# Soon entering China's seafood scene

Only three years after construction start, Nordic Aqua is now on the brink of entering the largest seafood market on the globe.

During Easter 2024, Nordic Aqua carried out a successful test-harvesting at our facility in Gaotang, China, yielding fresh, perfect shaped Atlantic salmon with nice color, fat line and taste. We are now ready to launch our fresh and locally farmed NordicPureAtlantic-product to the Chinese market.

I am proud to say that just three years after construction start, and two years after the first egg inlay, Nordic Aqua has farmed a product with no medicine use, free of parasites and diseases and of supreme quality that exceeds expectations in both quality and yield.

This milestone is reached after an eventful 2023, a year when our skilled employees made well-founded operating decisions and carried out operations in a professional manner.



In addition to the operational development, other important milestones were reached:

- We secured funding for further expansion through a capital-raise of NOK 300 million
- We signed an agreement with AKVA group for delivery of RAS-technology for additional 4,000 tonnes HOG annual capacity
- We received strong and important support from the local authorities for the construction and development of infrastructure for another 4,000 tonnes HOG capacity based on the same model as for the first 4,000 tonnes HOG
- The company changed domicile to Norway as we believe that being a part of the seafood capital market cluster will make the share more attractive to seafood investors
- We secured a financial buffer and flexibility with an additional NOK 100 million in equity

All these events have been important building blocks to bring Nordic Aqua to where it is today and determine that the company is on track to become the first local producer of Atlantic salmon to the Chinese market, and thereby in pole position to deliver fresh and locally farmed Atlantic salmon to about 100 million of China's wealthiest consumers within five hours.

I am pleased to report that over the last year we have also been making steady progress on our short-term plan to develop the business in a manner which considers our greatest ESG risks and opportunities.

We were very pleased to have achieved a very efficient feed conversion ratio, to have covered so much ground in the reporting of our GHG emissions and to have had such positive results from our first employee survey.

Nordic Aqua could not be at this point without important support from local government and authorities. We take great pride in developing a business which is creating shared value for both the local community and the society at large, by contributing to the modernization and restructuring of aquaculture, while at the same time developing a solution to global environmental challenges caused by current food systems.

Over the coming twelve months we will be developing the second stage of our ESG strategy, this time taking a longer look into the future and ensuring that our ambition and values are reflected and well-integrated into our policies and the way we carry out our daily operations.

As an immediate next step, we will be signing up to the UN Global Compact to show our commitment to the implementation of its ten principles on human rights, labour, environment, and anti-corruption.

Recent developments from the EU regulatory reporting environment will also determine our approach to ensure we will be prepared to comply with the Norwegian Transparency Act and the Corporate Sustainability Reporting Directive (CSRD).

As per April 2024 our focus is to go from test-harvesting mode to gradually increase volumes to full scale production in May, and we remain committed to meeting our projected harvest volume of 3,400 tonnes HOG for the full year 2024.

Nordic Aqua is currently following a plan to reach an annual capacity of 8,000 tonnes HOG in 2026. In addition, we are planning to gradually increase annual capacity from 2027 to reach 20,000 tonnes HOG. The necessary compe-

tence and organization to handle 20,000 tonnes HOG annually is already in place and a final decision for this stage will be made during the second half of this year.

Nordic Aqua is today the only producer of Atlantic salmon in China. Test-harvesting prove supreme products, we are receiving fantastic feedback from potential customers, and we have access to a massive market within only a few hours' drive of our production site.

I am very excited about the next stage in Nordic Aqua's journey, indeed.



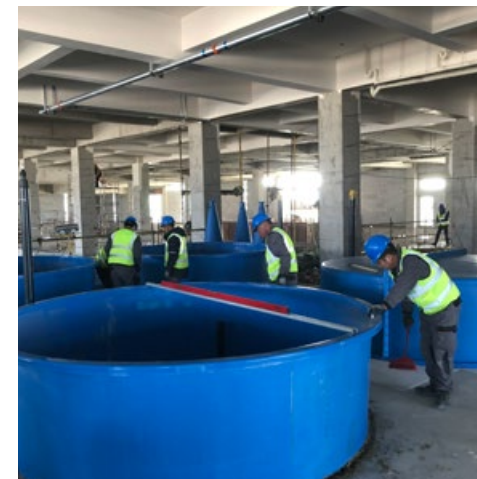
**Ragnar Joensen**  
CEO

# Our Journey

- Successfully introduced RAS 4, 5, 6 and 7
- Capital increase of 27 MEUR (300 MNOK) March 2023
  - Conducted ESG materiality assessment



- 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



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

2024



- Test harvest of 5.0 kg LW
- Fish introduced in all RAS units
- Fish farming equipment for Stage 1 completed

2023



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

2022

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

2016

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

# Key Figures 2023



(figures in EUR 1000)	2023	2022	2021	2020	2019
Other operating income	226	61	83	0	0
EBITDA	-3,982	-3,699	-2,365	-2,547	-764
EBIT	-4,679	-3,769	-2,387	-2,548	-764
Operating EBIT*	-6,574	-3,769	-2,387	-2,548	-764
Profit / (loss) before taxes	-8,229	-5,476	-3,698	-3,422	-777
<b>Profit/(loss) for the period</b>	<b>-8,229</b>	<b>-5,476</b>	<b>-3,698</b>	<b>-3,422</b>	<b>-777</b>
Cash flow from investment activities	-19,490	-21,476	-14,546	-1,978	-1
Cash flow from financing activities	48,895	-412	0	57,744	0
Payments for fixed assets	-19,490	-21,476	-14,388	-730	0
Net cash flow	12,169	-24,972	-17,473	52,515	-654
Cash	23,240	12,514	37,428	53,702	1,238
<b>Total assets</b>	<b>101,585</b>	<b>51,773</b>	<b>54,790</b>	<b>55,764</b>	<b>1,261</b>
Equity	73,350	48,248	53,666	55,499	1,165
Equity ratio**	72.21	93.19	97.95	99.52	92.39

\* Operating EBIT = EBIT excl. fair value adjustments

\*\*Equity ratio = Equity / Total assets x 100

# Nordic Aqua

Nordic Aqua is a land-based Atlantic Salmon farming company, using cutting-edge technology and expertise to set up the first fully integrated and commercially scaled Recirculating Aquaculture System ("RAS") farm for Atlantic Salmon in China.





## Our mission

Our mission is to be the first to deliver live and locally farmed Atlantic Salmon directly to the Chinese consumer, saving airfreight and significantly reducing 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

Located in Gaotang in the Greater Shanghai area, the company is positioned to deliver fresh and locally farmed Atlantic Salmon to about 100 million of China's wealthiest consumers within 5 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 cities.

The current plan, in close co-operation with the local government, is an annual production capacity of 20,000 tonnes HOG. The dedicated land has potential for further increase of production to 50,000 tonnes HOG of Atlantic Salmon, all a part of Nordic Aqua's medium-term plan.

The overall objective is to start harvest of Stage 1 early Q2 in 2024. Production of Stage 2 will start during Q3 in 2024 and harvesting will start during Q3 2026. Part of the overall objective is to gradually increase annual capacity from 2027 to reach a yearly harvest of 20,000 tonnes HOG, and a final decision will be made during the second half of 2024.

The local authorities are strongly supportive of Nordic Aqua. Construction of the building to house the farm will be made by Government owned Xiangshan Strait Economic & Technological Cooperation Co., Ltd. The building will be leased back to the company.



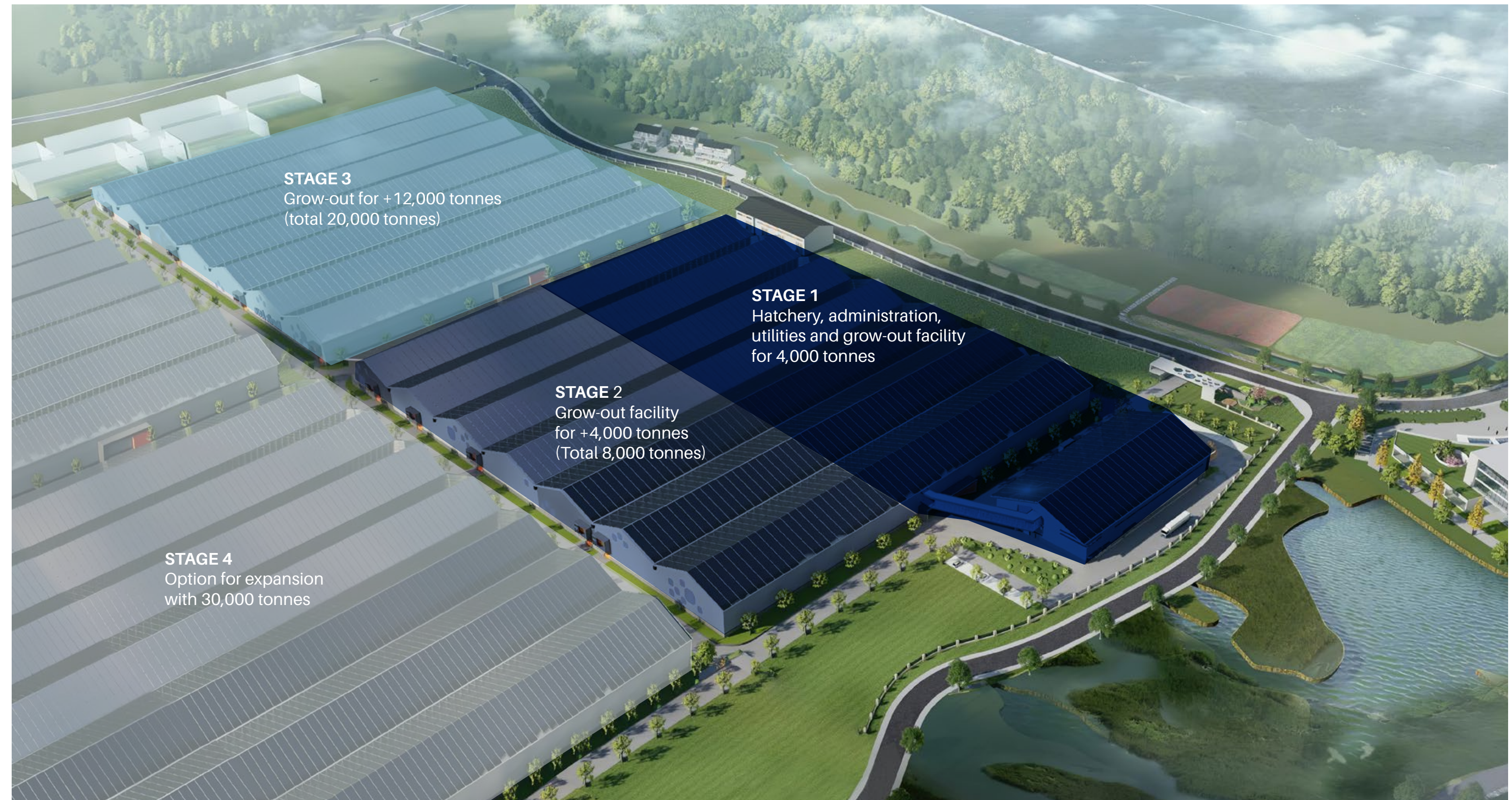
## Project execution

Construction of Stage 1 commenced in Q2 2021 and was completed in Q1 2024. This first stage includes a smolt facility and a 4,000 tonnes HOG grow-out facility.

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 8 inlays of eggs have been undertaken from June 2022 to March 2024.

Stage 2 is expected to bring total annual capacity to 8,000 tonnes HOG from 2026. The company is leasing land, facilities, and infrastructure from Xiangshan Strait Economic & Technological Cooperation Co., Ltd, consequently this is not included in the company's capex budget.

Financials for Stage 3 have not been formalized, but the company expects terms in line with Stage 2, resulting in a total project cost of MEUR 260 for all three stages (excluding lease capex), based on 2024 estimates.

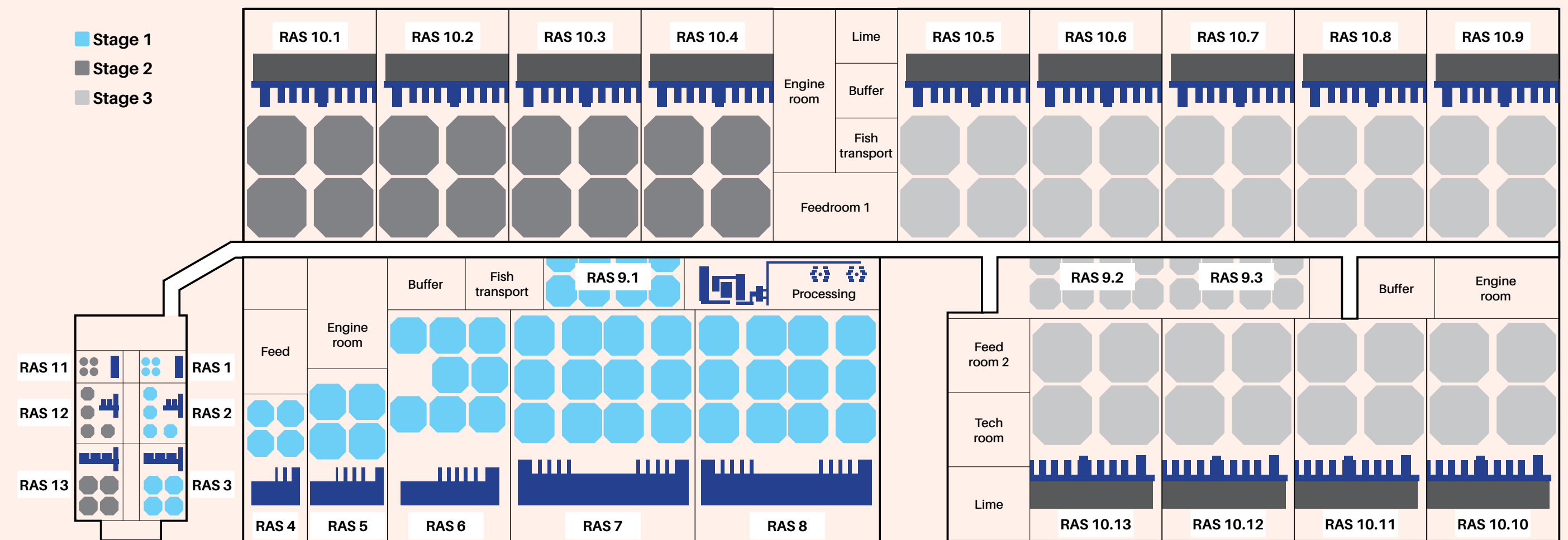


# Technology

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 m2 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 are located in the larger 29,000 m2 production building, where also the purging unit and processing plant are 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:

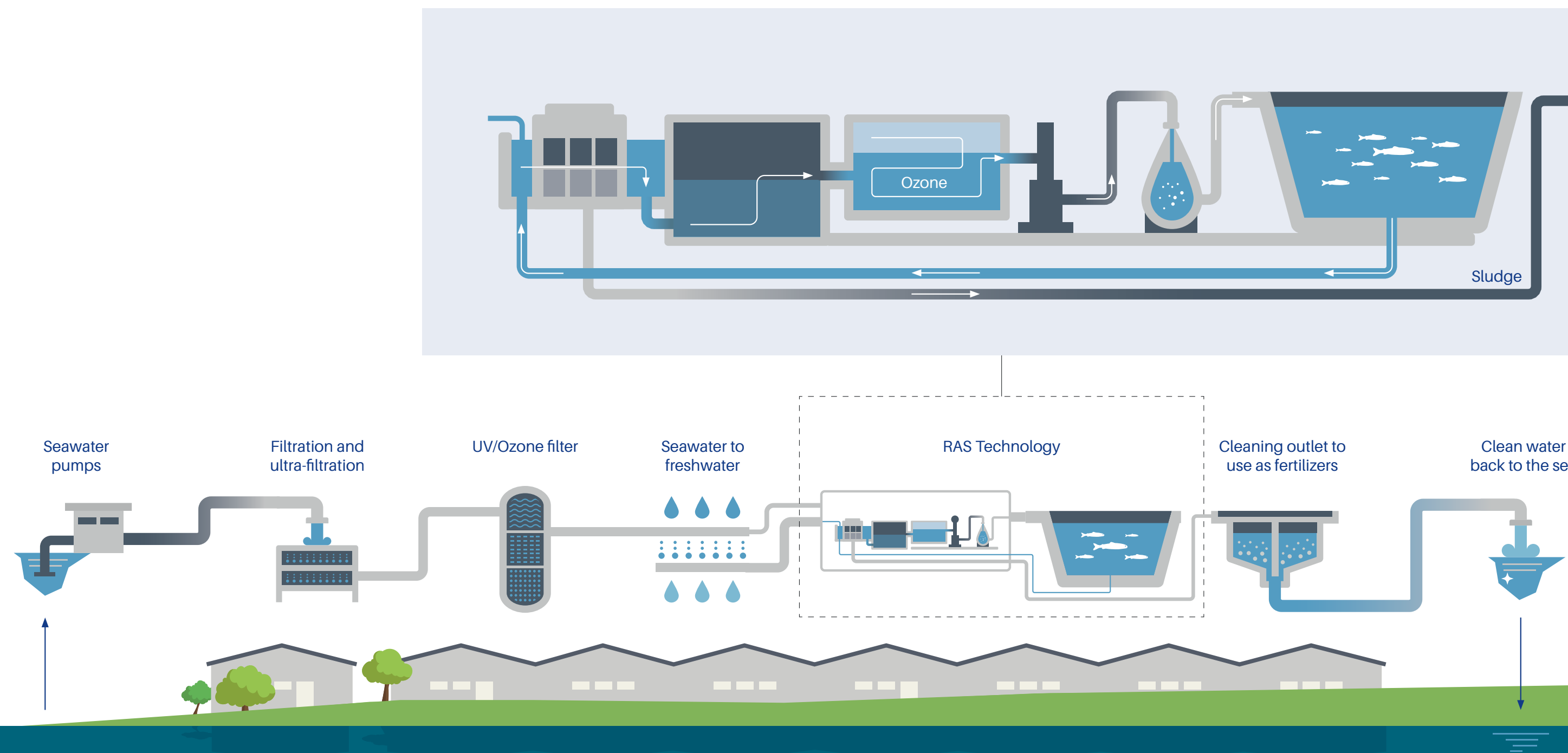
- Mechanical filter to remove particles
- Biofilter to remove ammonia and keep the water clear
- Degasser to remove CO2 from the water
- Ozone to clear the water

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 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.

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.



## 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, through Xiangshan Strait Economic & Technological Cooperation Co., Ltd. An option to purchase is included within the terms. 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 HOG. Initial discussions with the local government on principle terms and conditions to expand the annual capacity to reach 20,000 tonnes HOG at the current location and contracted land area are in process.

## Main collaboration suppliers



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.

# Board of Directors



## Atle Eide

Chairman of the Board

Atle Eide is a Norwegian citizen. He has held numerous high-level positions in the seafood industry, as well as in finance and the global agriculture industry. Atle Eide was CEO of Mowi and its predecessor Pan Fish, Hydro Seafood and Skretting Nordic. Eide has also been chairman of Norway Royal Salmon, Salmar, Scale, Insula and Lake Harvest; a leading African Tilapia producer. Eide was also senior partner in HitecVision for 12 years, the leading private equity fund in Norway, where he also prior to his partnership, was chairman. Eide also held the CEO in Kverneland ASA for 8 years, at the time a listed company and the largest producer of agricultural implements in the world. Eide is an active investor and hold board-memberships in companies where he is invested.



## Aino Olaisen

Board Member

Aino Olaisen is a Norwegian citizen. She is an 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. Therese has her degree from University of Stavanger/BI Norwegian Business School within Finance and Marketing.



## 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, the main shareholder. Vegard represents Kontrari in numerous boards both as Chair, member, and observer.

# Management



**Ragnar Joensen**  
CEO

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 Hvitklett**  
CFO

Hjalti Hvitklett is a Faroese citizen with experience as CFO and auditor. Prior to this position, he worked as CFO at Pelagos PF from 2014 to 2021. From 2002 to 2014, he worked as an auditor.

Mr. Hvitklett 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.



**Andreas Thorud**  
Managing Director, Nordic Aqua Ningbo

Andreas Thorud will join as Managing Director for Nordic Aqua Ningbo and has accumulated extensive experience within Chinese business life and culture, offering valuable insights into the Chinese seafood market and the local consumer market. Andreas is fluent in Mandarin. Prior to his role at the Seafood Council, Andreas Thorud spent a decade overseeing Aker BioMarine's operations in China and other key Asian markets. Andreas Thorud will assume his role in April 2024.



**Ana Elisenda Holden-Peters**  
Sustainability Director

Ana Elisenda Holden-Peters is a British citizen and an experienced corporate sustainability professional with more than 16 years of experience working in multinational companies in different sectors including tourism, banking, retail and aquaculture. More recently she set up and ran the award-winning Faroese Sustainable Business Initiative. She holds an MSc in Management from the University of Bath, UK and a Postgraduate Certificate in Sustainable Business from Cambridge University, CISL, UK.

Ms. Holden-Peters has broad experience in ESG reporting and assurance, governance, communications, strategic planning, stakeholder relationship management, data management, research, and community investment. Ana's role is in developing the business' ESG strategy, policies and reporting.



**Yong Tan**  
Project 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.

# Management

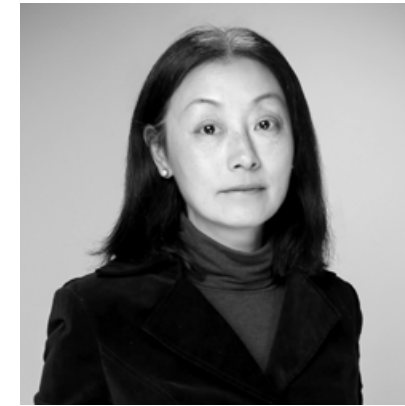


## Ola Frøvik

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.

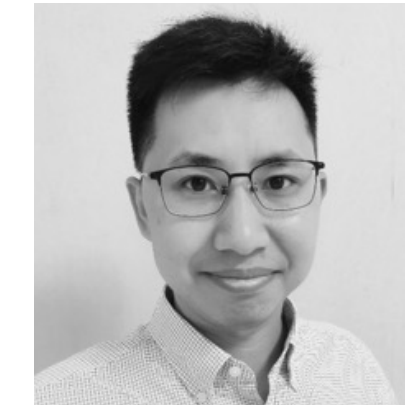


## Catherine Shen

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 bureaus 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.



## Dan Tan

Sales Manager, Nordic Aqua Ningbo

Dan Tan is a Chinese national with several years of experience in selling Atlantic Salmon in China. Mr. Tan was graduated from Xiamen University with a master’s degree in education in 2014.

In the past 10 years, he gained extensive experience within sales and marketing and has been working with both imports and sales of Atlantic salmon to whole sellers, distributors, retail and HoReCa in the Chinese market.



## 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.



## 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.



## Denise Qiu

Financial Manager, Nordic Aqua Ningbo

Denise Qiu is a Chinese citizen with more than 15 years’ experience in Manufacturing/Trading/Energy/Automobile Industries. Ms. Qiu has extensive experience in financial management and financial reporting for international companies with headquarters in Europe and US.

Ms. Qiu is an ACCA member, she holds an MBA from BI – Fudan university, a master’s degree from BI Norwegian Management School, and a Bachelor of Financial Management from Jiangsu University of Science and Technology.



# Farming team



## 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.



## 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 flowthrough and RAS systems. Bergur has held various managerial positions in the Faroese and Danish aquaculture industry and has worked as an independent fish farmer in the period from 2010 to 2022.

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 25 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.



## Alejandro Millar

Fish Health Manager, Nordic Aqua Ningbo

Alejandro Millar is a Chilean citizen (born in 1977) with more than 20 years of experience, mostly in the Salmon industry (Farming, Fish Health, Nutrition & Biosecurity), and in warm water marine species (Cobia, Corvina drum). Alejandro holds a Veterinary Medicine Degree from Universidad Austral de Chile, Faculty of Veterinary Science and a Bachelor's Degree (Licentiate on Veterinary Medicine Degree) from the Universidad Austral de Chile, Faculty of Veterinary Sciences.

Mr. Millar has held various positions within the industry, including positions as Farming Assistant for the Freshwater Site Manager, FW and SW Field Veterinarian (AquaChile, 2005 - 2009) and Fish Health representative & Technical Officer, in many companies in Chile and abroad. As Fish Health Manager, Alejandro is responsible for the RAS operation, keeping all the stocks and biomass alive and healthy, maintaining the status of "Disease Free Farm".



## Orfa Cabrera

RAS Expert, Nordic Aqua Ningbo

Orfa Cabrera is a Chilean citizen with more than 25 years of experience in the salmon industry, including 17 years of progressive responsibility in activities that involve a fully controlled environment for fish farming and safety. Process and facilities design at the Recirculation Aquaculture System (RAS) located at Bucksport in Maine. Running seawater sites since 2014 and being responsible for planning, personnel administration, staff training, equipment controls, and data analysis in Chile, Australia, and the United States.

She adds valuable experience and competence to Nordic Aqua's farming team, including the important role of training the growing team of local employees.

Mrs. Cabrera holds an education in Fisheries Management Engineering from the University of Concepción in 2005 and is a Marine Technician from Catholic University of Talcahuano in 1987.

# Our 2023 ESG Report



# Our 2023 ESG Report

This chapter covers an update on our ESG activity in 2023 and our approach to addressing the most material issues for our business. As we are still in an early phase of our business, we are not yet collecting and reporting all the information we plan to disclose to provide a full picture of all the risks, opportunities, impacts and dependencies we (and others) see for our business. As the business develops and grows, so will our ESG reporting. Please see page 21 for further information on governance.



# ESG approach

Dependencies and impacts from food production and consumption are creating huge pressures on the natural environment and tipping the planet into a crisis.

Without a radical shift in our approach, these pressures are only set to intensify if we are to meet the needs of a growing and ageing population.

The planetary crisis, coupled with growing global health challenges, present us with a huge opportunity to look for new ways of producing, transporting and consuming food.

Sustainable and responsible aquaculture has been identified as one solution to meet this increasing demand for healthy and nutritious protein and farmed Atlantic salmon is well-placed as it offers high levels of omega-3 fatty acids, vitamin D, selenium and B vitamins. It is also one of the most efficient ways of using natural resources to produce protein: it has a comparatively low carbon footprint, high-energy and protein-retention-efficiency, and a low water-footprint. Ensuring a sustainable source of feed is a key part of this equation.

Our company is breaking new ground in the world's fastest growing food-system, in one of the world's biggest consumer markets. However, developing a sustainable approach from the outset is particularly important in a country affected by environmental pressures such as water scarcity.

Our approach is based on growing healthy food, sustainably, responsibly, and close-to-market.






# ESG strategy and governance

## ESG strategy

To help us achieve our ambition to develop a sustainable business model, 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 activity today, as we ramp-up production. This involved 1) carrying out desk research; 2) consulting our key stakeholders; and 3) prioritising the sustainability issues across our value chain based, on the importance to our business and to our stakeholders.

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 the business sustainably. We came up with three strategic priority areas and a number of key topics to focus on:

 Eat sustainably	 Tread lightly	 Live well
Fish health & welfare	Climate	Working conditions & human rights across the value chain
Customer health	Water & resource use	Meaningful work, engagement & work culture
Customer satisfaction	Land use & biodiversity	Workforce diversity
	Waste, pollution & circularity	Ethical business conduct & compliance
	Investment into innovation, research & development	Community relations & engagement

The day-to-day management of these topics has been allocated to appropriate departments within the business who report to the Management Team. Where relevant, key risks associated with these are integrated into the company’s overall risk management process.

In 2024 and 2025, we plan to carry out a further analysis of our material impacts and risks to help us ensure the robustness of our approach and to meet growing expectations from our key stakeholders.

## ESG governance

The Board of Directors take overall responsibility and oversight of the identification and management of all risks and opportunities, including those identified as material for the business which are related to social and environmental sustainability, such as climate change and human rights.

As well as overseeing enterprise risk (discussed monthly), the Board has reviewed and approved topics identified as being material to the business which form the basis for this sustainability chapter. They also hold responsibility for reviewing and approving the reported sustainability information contained.

During the development of Nordic Aqua’s operations, material sustainability issues (including climate-related issues) specifically are a direct responsibility for the CEO: tasked with embedding them into the business’ short, medium, and long-term strategy; providing the Management Team with sight of the company’s performance (for example its GHG emissions); and ensuring the business is in compliance with relevant laws, regulations and standards. See more on page 23 for an update on our key progress in 2023.



## Our first ESG plan



### Eat sustainably

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



### Tread lightly

For us this means being mindful of the demands and impacts we have upon the planet and developing a science-led approach.

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 a low water-footprint.



### 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.

Establishing an innovative land-based 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.



After undertaking a materiality assessment with our key stakeholders, in 2023, we set 25 short-term goals aligned with our three strategic sustainability priorities and developed relevant metrics to track our performance.

Strategic priority	Topic	New goals	Status
 <b>Eat sustainably</b>	 Fish health & welfare	1. Achieve and maintain a market-leading survival rate by 2025	<span style="color: green;">●</span> In progress
	 Customer health	2. Adhere to the strictest animal welfare standards by 2025	<span style="color: green;">●</span> In progress
	 Customer satisfaction	3. Support Chinese market to establish a leading land-based aquaculture standard by 2025	<span style="color: green;">●</span> In progress
	 Climate	4. Certify operations by Global-GAP and ASC by 2024	<span style="color: orange;">●</span> Delayed
	 Water & resource use	5. Achieve a Net-Promoter Score above average for Chinese market by 2025	<span style="color: green;">●</span> In progress
 <b>Tread lightly</b>	 Water & resource use	6. Have 80% use of renewable energy sources by 2025 (scope 1 & 2)	<span style="color: green;">●</span> In progress
	 Land use & biodiversity	7. Engage suppliers in net-zero emissions approach by 2025 (scope 3)	<span style="color: green;">●</span> In progress
	 Waste, pollution & circularity	8. Achieve lowest use of freshwater per kilo of salmon on the market, with an initial target of 100 L per kilo by 2024	<span style="color: grey;">●</span> Not applicable
	 Investment into innovation, research and development	9. Achieve and maintain 100% traceability of feed raw materials by 2024	<span style="color: green;">●</span> Achieved
	 Working conditions & human rights across the value chain	10. Achieve and maintain zero deforestation in supply chain by 2024	<span style="color: green;">●</span> In progress
	 Meaningful work, engagement and work culture	11. Maintain zero escapes or impact on indigenous fish species (ongoing)	<span style="color: green;">●</span> Achieved
	 Workforce diversity	12. Achieve and maintain a market leading Feed Conversion Ratio by 2024	<span style="color: green;">●</span> Achieved
	 Ethical business conduct & compliance	13. Have 100% of feed ingredients independently certified as sustainable by 2024	<span style="color: orange;">●</span> Delayed
	 Community relations and engagement	14. Work with experts to minimise potential environmental impacts from effluents	<span style="color: green;">●</span> In progress
	 <b>Live well</b>		15. Demonstrate responsible leadership in approach to waste management (ongoing)
		16. 100% of packaging will be reusable, recyclable or compostable by 2025	<span style="color: green;">●</span> In progress
		17. Receive recognition for being at the forefront of investment into innovation by 2024	<span style="color: green;">●</span> Achieved
		18. Track our most material human rights risks and incorporate into Code of Conduct by 2024	<span style="color: green;">●</span> Achieved
		19. Conduct a social responsibility audit by 2025	<span style="color: green;">●</span> In progress
		20. Train all employees in chosen HSE standard by 2024	<span style="color: orange;">●</span> Partly achieved
		21. Develop and train 100% of employees in company strategy and ways of working by 2024	<span style="color: orange;">●</span> Delayed
		22. Reach a 30:70 gender balance between women and men across our workforce by 2025	<span style="color: green;">●</span> In progress
		23. 40% women in leadership roles by 2025	<span style="color: green;">●</span> Achieved
		24. Develop a new Code of Conduct and communicate to all employees by 2024, and all suppliers by 2026	<span style="color: green;">●</span> In progress
		25. Develop community engagement programme by 2025	<span style="color: green;">●</span> Achieved

Once we achieve these, we will develop our longer-term sustainability strategy in alignment with international standards and scientific recommendations. This will help us address our most material risks and opportunities.



# Eat sustainably

*“For Nordic Aqua to ‘eat sustainably’ means producing high-welfare, high-quality, food which sustains our customers’ health. Atlantic salmon is a healthy protein and a 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.”*

Andreas Thorud,  
Managing Director, Nordic Aqua Ningbo





Eat sustainably

## Fish health & welfare

### Why it's important

This is one of, if not the most important focus for us. Managing the health of farmed animals can have potential impacts on their welfare and on the environment. Taking an ethical and responsible approach which ensures the optimal welfare of our salmon while minimising impacts on the environment 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 Atlantic salmon land-based aquaculture is in its infancy.

### How we approach it

We follow the best available standards to raise our salmon in a well-controlled environment for optimum fish health and welfare. We work with both internal and global standards.

Our objective is to have our fish swim in pristine water, securing good biosecurity and welfare. We take in water from the sea surrounding our facility, filtering and treating it carefully to minimise exposure to seaborne parasites (such as sea lice) or disease, typically transferred from wild fish onto salmon. After several years of monitoring and testing we are confident that the water we use is of high quality and suitable for our salmon. Minimising exposure also eliminates the need to use of chemicals and antibiotics to treat them, which can impact fish welfare.

Here below are measures taken to ensure optimum water quality:

When entering the facility:

- Thorough filtration with sand filters and cartridge filters down to 5 microns.
- Sterilisation with UV/ ozone.

Once in the RAS system:

- Mechanical filters to remove particles.
- Biofilters to remove ammonia and keep the water clear.
- Degassers to remove CO2 from the water.
- Ozone to clear the water.

More information on the technology we use and our approach to land farming can be found on page 11 and water use on 32.

In addition to ensuring optimal water quality, we also take numerous measures to further improve biosecurity, to maximise survival rates and ensure optimal salmon welfare. Below is a summary of these:

- Separating biological zones to reduce the risk of contamination.
- Minimal fish handling (compared with sea farming process).
- Carefully controlled water temperature.
- Use of high quality feed and optimal feeding practices.
- Trained experts ensuring optimal conditions at every stage of the production process.
- Trained experts closely monitoring, documenting and reporting fish behaviour, health and welfare.
- Use of low salinity water.
- Use of humane slaughter methods.

Eat sustainably

## Fish health & welfare

### Our progress

Here below is the progress we made towards our goals:

Goal	Progress
Achieve and maintain a market-leading survival rate by 2025	In 2023 we had a mortality rate of 0.8%*
Adhere to the strictest animal welfare standards by 2025	Planned for 2024
Support Chinese market to establish a leading land-based aquaculture standard by 2025	Under discussion

\*Based on year end mortality of fish over 150g.

By the end of 2023, we had come close to the end of a full cycle of production during which we have been further optimising and fine-tuning our processes and increasing data collection.

Over the course of the year we grew our team, hiring a new Quality Supervisor to work closely with our Technical, Fish Health and Farming Managers.

As well as looking into different animal welfare standards to find the most appropriate for our operating context, in 2023 we began preparing the business for ASC certification, which we hope to achieve by 2025. See page 27 for what the ASC certification covers.

We also continued to work with relevant authorities in the ongoing process of amending existing standards to on-land RAS based Atlantic salmon farming (new to China).

As well as working towards ACS certification and adopting an animal welfare standard, we will also look at developing an animal welfare policy in 2024 which outlines the approach we take.



Eat sustainably

## Customer health

### Why it’s important

Farmed Atlantic salmon are nutrient-dense, contributing high-quality protein, healthy fats like omega-3 fatty acids, and essential vitamins and minerals like potassium, vitamins D, B-12 and B-5 to the diet (Global Salmon Initiative).

Health authorities worldwide are recommending a higher intake of marine protein, especially oil-rich fish like Atlantic salmon to prevent cardiovascular diseases.

There are a number of factors that can influence the quality and nutritional value of all animal proteins, including Atlantic salmon. For example, the feed chosen for raising salmon can have an impact, and so can the approach taken to its health management. Overuse of antibiotics in animal farming is a concern for many consumers.

### How we approach it

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

At Nordic Aqua Partners, we also ensure high nutritional value through the feed we chose, to optimise its growth but also its nutritional value.

We are working with a number of standards to optimise product quality and safety. As well as the ASC standard, we are working towards the GLOBALG.A.P. Integrated Farm Assurance (IFA) for aquaculture standard, which has consistently achieved Global Food Safety Initiative (GFSI) and Global Seafood Sustainability Initiative (GSSI) recognition, and is aligned with the four pillars of the Food and Agriculture Organization (FAO) Technical Guidelines on Aquaculture Certification as well as the World Organization for Animal Health Aquatic Animal Health Code.

The GLOBALG.A.P. IFA for aquaculture standard covers:

- Food safety, farmed aquatic species welfare, management, and husbandry;
- Workers’ well-being: occupational health, safety, and welfare;
- Environment and biodiversity management;
- Mass balance and traceability;
- Feed management;
- Sampling and testing of farmed aquatic species;
- Harvesting and post harvesting operations;
- Hygiene; and
- Site management.

The ASC aquaculture certification standard covers:

- Conservation of natural habitats;
- Local biodiversity and ecosystem function;
- Protection of the health and genetic integrity of wild populations;
- Use of resources in an environmentally efficient and responsible manner;
- Management of disease and parasites in an environmentally responsible manner;
- Development and operation of farms in a socially responsible manner; and
- Being a good neighbour and conscientious citizen.

### Our progress

Goal	Progress
Certify operations by GLOBALG.A.P. and ASC by 2024	Planned for 2024

In 2023, we hired two new Quality supervisors who are preparing the business to comply both with the GLOBALG.A.P. and ASC standards for aquaculture.

Given our stage of production at the end of 2023, we had not had any safety audits, no possibility for product recalls or market bans.

Eat sustainably

## Customer satisfaction

### Why it's important

We have entered into the world's fastest growing food-system, and established ourselves in one of the world's biggest consumer markets (see more on our market on page 55). Producing food close to market is one of our unique selling propositions - our customers are willing to pay a premium price for locally farmed and high-quality Atlantic salmon available within hours after being harvested.

As well as the numerous environmental benefits local production goes hand-in-hand with, (such as reduced GHG emissions from transportation), it will enable us to offer customers a high quality product which reaches customers quickly with an unbroken cold chain.

Having our customers recommend our salmon, will be a key indicator of a successful strategy.

### How we approach it

We plan to take a leading approach to meeting customer needs.

We plan to do this by serving the local market quickly without compromising quality and ensuring our values, customer service, and high safety standards are translated through the value chain all the way to our end customer.

We would also like to deepen our relationship with customers by inviting them to be part of maximising the opportunities we have to address shared issues such as the climate and biodiversity crises. We expect this will influence our product development and approach to distribution.

### Our progress

Goal	Progress
Achieve a Net-Promoter Score above average for Chinese market by 2025	Planned for 2024

In 2023, we began establishing our customer base in Shanghai, Guangzhou, Beijing, Chengdu. Once our product has gone to market, we will seek feedback from our customers which will help us optimise our product quality, marketing and distribution, customer service and build long-term relationships with our new customers. See page 45 for more information on customer engagement in 2023.





# Tread lightly

*“For Nordic Aqua, to ‘tread lightly’ this means being mindful of the demands and impacts we have upon the planet and developing a science-led approach, where possible, to address our most material issues.*”

*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 a comparatively low water-footprint.”*

Ragnar Joensen,  
CEO, Nordic Aqua

Tread lightly

# Climate

### Why it’s important

The climate crisis presents us with an opportunity to produce and transport food with the most efficient use of natural resources and the lowest impact, so we are focussed on producing good-quality low-impact food, close to market.

### How we approach it

Our climate and energy approach are focused firstly on ensuring that neither we nor our suppliers contribute to climate change. We will do this by maintaining low operational emissions through use of renewable energy (scope 1 and 2); by avoiding carbon-intensive transportation; by sourcing locally when possible; and by working with suppliers who have public commitments to minimise their emissions (scope 3).

We are also making choices which consider future climate risks. We are in dialogue with our feed producer firstly to understand the areas of feed which have the highest impact on the climate. For example, feed for Atlantic salmon contains plant proteins, such as soy, which in some areas have environmental impacts such as land use change.

At present, enterprise risk is discussed monthly by the board and, to an extent, climate is incorporated into our risk management process. One key risk identified is the operational risk of potential flooding of our facilities if sea levels rise.

### Our progress

Goal	Progress
Have 80% use of renewable energy sources by 2025 (scope 1 & 2)	Planned in 2024
Engage suppliers in net-zero emissions approach by 2025 (scope 3)	Planned in 2024

In 2023, we worked with an expert consultancy to develop a model for measuring and reporting our scope 1, 2 and 3 GHG emissions, both for our product and our corporate footprint. Below is our energy consumption and GHG emissions for 2023 for our entire corporate footprint:

Energy Consumption and GHG Emissions	
Energy consumption	kWh
Direct energy consumption (scope 1)	828.471
Indirect energy consumption (scope 2)	13.903.365
<b>Total energy consumption</b>	<b>14.731.836</b>
GHG emissions	Tonnes of CO <sub>2</sub> equivalent
Scope 1	196
Scope 2	8.196
Scope 3	17.403
<b>Total GHG emissions</b>	<b>25.896</b>

### Basis of reporting:

The Energy Consumption and GHG Emissions table outlines the annual energy consumption and GHG emissions for Scope 1, 2 and 3 from our base year 2023.

We used an organisational boundary of operational control to calculate this. The methodologies used for the carbon accounting are The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition) and The GHG Protocol Corporate Value Chain (Scope 3) Standard.

**Scope 1** Direct emissions from the stationary and mobile combustion of fossil fuels.

**Scope 2** Emissions from purchased electricity consumption.

**Scope 3** Emissions upstream and downstream within the value chain (purchased goods and services, capital goods, fuel and energy related activities, upstream transportation and distribution, waste generated in operations, business travel, and employee commuting).

Once our product has gone to market in 2024, we will widen the scope of reported emissions in scope 1 (later to include refrigerants) and include further categories in scope 3 (including downstream transportation and distribution, use of sold products and end of life of sold products).

We will publish our product footprint in our 2024 annual report, once we have a full year of data in which our product is going to market.

Tread lightly

# Climate

To meet our commitment to have 80% use of renewable energy sources by 2025, in 2023, we have also been planning the installation of solar panels to provide energy to our production facilities and offices. We will do this in co-operation with the state energy company, as owners of the infrastructure.

Other actions to reduce our operational and value chain emissions include upgrading to a higher class of energy efficiency than is required in the EU. We have also been looking to source products locally, with less than 50% of RAS equipment purchased, being imported.

In 2023, the number of financially material events resulting from physical and policy related climate risk is zero. Getting a fuller picture from climate risk from our feed supply will be a focus for us in 2024, once the Global Salmon Initiative and WWF have launched a new ESG Risk Assessment Tool for feed ingredients.

Opposite is a breakdown of the main sources of GHG emissions from the feed we sourced in 2023. Of the total GHG footprint from our feed, almost 40% was linked to land-use conversion, almost entirely from the use of vegetable oils and vegetable proteins.

	Ingredient	%	GHG emissions %
<b>Protein</b>	Wild capture farmed fish & crustaceans	24%	23%
	By-products from farmed land animals	8%	3%
	Agricultural crops	35%	58%
<b>Fat</b>	Wild capture, alga, farmed fish & crustaceans	12%	4%
	Agricultural crops	11%	18%
<b>Carbohydrates</b>	Agricultural crops	9%	3%
<b>Micronutrients</b>	Various	2%	2%

In 2024, we also will establish a near-term science-based target for scope 1 and 2 emissions. In years to follow, we will look to establish a net-zero pathway aligned with scientific advice, which will include our long-term climate strategy. We also plan to do a more in-depth analysis of our climate risks across the value chain to coincide with our work to meet new European reporting requirements.



Tread lightly

## Water & resource use

### Why it's important

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.

According to the WWF Water Risk tool, the Ningbo region has a medium water risk profile, broken down by the following aspects:

Low water scarcity risk	Medium ecosystem services status risk	High cultural importance risk
Low risk from management instruments	Medium institutions and governance risk	High media scrutiny risk
Low risk from infrastructure and finance	Medium biodiversity importance risk	High risk of flooding
Low enabling environment risk	Medium to high risk of water quality	
Low to medium conflict risk		

Salmon aquaculture also relies on resources such as energy (see more in Climate section) and ingredients used in feed, which rely on marine and land resources.

### How we approach it

Before commencing production, we identified the availability of freshwater as an environmental risk (which could potentially intensify as a result of climate change in the medium and long-term). To mitigate this risk, we source all our water used for farming from the adjacent sea in the Gaotang Sound to avoid competing with local agricultural activities which depend on the same freshwater.

We do use some freshwater from the municipal water supplies for the office. 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, potentially.

At a global level, to ensure sustainable and responsible resource use to produce our feed, we are procuring feed from suppliers who have targets to have full traceability of their feed ingredients.





Tread lightly

## Water & resource use

### Our progress

Here below is an update on our goals:

Goal	Progress
Achieve lowest use of freshwater per kilo of salmon on the market, with an initial target of 100 L per kilo by 2024	We used 230 L/ kg produced fish in 2023
Achieve and maintain 100% traceability of feed raw materials by 2024	100%
Have 100% of feed ingredients independently certified as sustainable by 2024	Delayed to 2025

In 2023 we used 230 L/kg produced fish, which is higher than we had planned. Though the water we use is taken from the sea and not putting any pressure on local needs. In 2024, we will set new targets to address areas of greatest risk.

In 2024, we also plan to optimise the monitoring and reporting of water used by the business and increase our focus on reducing use. We are confident that as we optimise production processes, we will be reducing the amount of water used.

Based on available data, below is the water withdrawal for 2023:

Water withdrawal by source	Total
Town water (from surface water) (total)	46,872 m <sup>3*</sup>
Seawater (total)	673,802 m <sup>3**</sup>
<b>Total water withdrawal</b>	
Surface water (total) + seawater (total)	720,674 m <sup>3</sup>

\*This only includes data from May 2023, when we began monitoring town water.

\*\*Our seawater data includes an assumption of water use based on water used directly for production, and excludes water that is withdrawn and immediately discharged without treatment which accounts for around 5%. A further approximately 55% is released after filtration and before it is used in production.

Getting a fuller picture from resource risk from our feed supply will be a focus for us in 2024, once the Global Salmon Initiative and WWF have launched a new ESG Risk Assessment Tool for feed ingredients.

Minimising the use of resources that go into other materials, such as packaging, will also be considered in our purchasing decisions.



Tread lightly

## Land use & biodiversity

### Why it's important

Global food production has a direct impact on biodiversity. Drivers include deforestation, resource exploitation, or the introduction of alien species.

The feed used in aquaculture contains ingredients such as soy and other plant proteins which can be associated with land-use change for agriculture. Deforestation not only can destroy habitats, reducing animal and plant species population and diversity, but also reducing nature's ability to stabilise the climate. Some feed ingredients can originate from countries and areas with rich biodiversity and weak conservation governance, such as the Cerrado in Brazil.

Feed is often also associated with the exploitation of wild fish stocks, which can also be impacted by the escape of farmed salmon into local wild populations.

The impacts from farming pollution on the natural environment can also impact local ecosystems. See page 36 for more information.

Managing all of these impacts on biodiversity is a potential risk and a priority for both sea and land based Atlantic salmon producers globally.

### How we approach it

Our aim is to avoid and minimise the potential negative impacts on biodiversity at every stage of the value chain. To begin this journey, we will be focusing on key areas where we see the biggest risks.

The largest upstream risks we have identified come from the feed we purchase for our salmon. Our feed supplier Skretting has been working on a strategy to minimise the areas of greatest impact and risk and has made the following commitments:

- All purchased soy will be deforestation-free by 2025.
- Ensure that by 2022, all agricultural vegetable products are traced back to the country where they were cultivated, to use in a risk filter and for footprinting requirements.
- Source 100% of marine ingredients from sources audited and certified by MarinTrust or MSC.

The soy used by Skretting is sourced using sustainability criteria, they purchase credits from the Round Table on Responsible Soy ("RTRS credits") for all soy from Brazil and ensures suppliers meets their criteria for non-deforestation areas.

At an operational level, we address potential local risks of impacting local wildlife through the introduction of invasive species by raising our fish in a protected closed contained environment on land.



Tread lightly

## Land use & biodiversity

### Our progress

Here is an update on our goals:

Goal	Progress
Achieve and maintain zero deforestation in supply chain by 2024	Delayed to 2025
Maintain zero escapes or impact on indigenous fish species (ongoing)	Zero escapes recorded
Achieve and maintain a market leading Feed Conversion Ratio by 2024	Our 2023 biological feed conversion ratio was 1.09

Getting a fuller picture from deforestation risk from our feed supply will be a focus for us in 2024, once the Global Salmon Initiative and WWF have launched a new ESG Risk Assessment Tool for feed ingredients.

In 2024, we will also conduct a further risk assessment of all our impacts on different natural systems and developing our biodiversity strategy accordingly.



Tread lightly

## Waste, pollution & circularity

### Why it's important

Another driver of biodiversity loss is the pollution of natural systems. Waste from intensive animal farming can have a significant impact on nature. While aquaculture's environmental footprint can be lower than other forms of farming, it still carries a risk of pollution. Risks from wastewater into the local environment can include eutrophication if discharged untreated to waterbodies.

Land-based aquaculture creates an opportunity to have an even greater level of control and therefore potential to further minimise negative impacts on biodiversity from pollution and create a higher opportunity for circular solutions.

### How we approach it

We employ the Science Based Targets Network mitigation hierarchy when developing our nature strategy, first by avoiding and then reducing our impacts. For us it is important to understand, avoid and minimise pollution of the environment at each stage of the value chain, including waste from production and the potential indirect waste pollution from end-of-life stage of our products.

Our first priority when addressing waste and pollution begins with our operational waste. Two of our major waste streams are from production, and in the first years of our operations, also from construction.

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.

We are making the most of the opportunities to adopt a circular approach to waste management, which is separated into solids and wastewater. We have accepted the strictest waste management standard with the local government. The effluent cleaning system we have built is marketleading in China.

The water is carefully treated and cleaned for all organic particles before being led back to the ocean. Our sludge is well-suited as fertilisers to local agriculture and farmers.

By not operating directly in the ocean environment and farming only on land, we minimise and in some cases avoid the risk of pollution of the local ecosystem in certain areas, for example we:

- Minimise the risk of diseases and the risk of antibiotics (used to treat them) from impacting the surrounding ecology when washed out to sea.
- Remove the risk of parasites fish might pick up when farmed at sea and the chemicals (used to treat them), from entering the local ecosystem.
- Avoid the risk of lost farming equipment used at sea (such as nets and other plastics).

We are also increasingly taking opportunities to minimise the risk of pollution, for example by:

- Reducing the impact from salmon waste on the ocean environment through treatment of effluent water before discharge.
- Increasing circular solutions, such as using waste sludge as fertiliser for local farmers and investing in packaging solutions which use recycled components (which we plan to investigate further once our product goes to market).

We also have an opportunity to reduce food waste at each stage of our product's lifecycle, for example by:

- Farming in a controlled environment which we anticipate will ensure a higher survival rate.
- Having a higher control of our distribution, minimising wastage through an unbroken cold chain.
- Being close to market (with customer delivery within hours of harvest) minimising wastage.
- Serving a market which utilise large parts of a fish in their consumption habits.

Tread lightly

## Waste, pollution & circularity

Salmon is the most sustainable farmed animal protein across a number of parameters including edible yield, as pictured here below (source: Global Salmon Initiative).

Part of our approach involves working with experts to deepen our knowledge. In 2022, we began discussions for future collaborations with expert partners. We will also consider other opportunities to minimise our impacts from waste and pollution, for example to accelerate the transition to a circular economy.

### Our progress

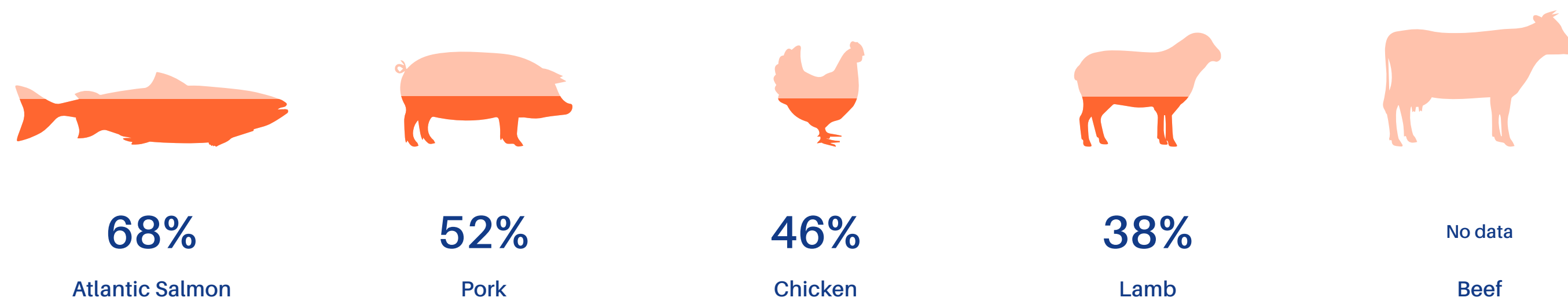
In 2023:

- We transported 2100 tons of sewage to the sewage treatment plant.
- 360 tons of sludge were transported to the sludge treatment plant (and ultimately made available as fertiliser).
- We initiated discussions with suppliers to improve waste management.

Goal	Progress
Work with experts to minimise potential environmental impacts from effluents	In discussion
Demonstrate responsible leadership in approach to waste management (ongoing)	We employ the strictest waste management standard
100% of packaging will be reusable, recyclable or compostable by 2025	We begin by using Styrofoam boxes but will evaluate our approach in 2024

### Edible yield is calculated by dividing edible meat by total body weight.

These calculations take into account differences in FCR, differences in edible yields, and the cost of progeny.



Given the lack of suitable options available, we will begin taking our product to market using Styrofoam boxes, but we plan to continue research and will evaluate our approach in 2024.

Over the course of the year, we will continue working to improve our waste data to comply with relevant reporting standards. In the future we will also explore how we can invest in restoration and regeneration in areas we have a potential negative impact.

Tread lightly

## Investment into innovation, research & development

### Why it's important

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.

### How we approach it

We are using 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 progress

Goal	Progress
Receive recognition for being at the forefront of investment into innovation by 2024	We have received recognition and support

To help us reach our goal in 2023, we have engaged in extensive stakeholder engagement and received recognition and support.





# Live well

*“For Nordic Aqua to ‘live well’ means creating meaningful jobs which respect and promote the right for our people and those in our supply chain, to live well. It is also about considering the lives of those in our local communities by demonstrating good corporate citizenship and responsible engagement.”*

Catherine Shen,  
CAO, Nordic Aqua Ningbo

Live well

## Working conditions & human rights across the value chain

### Why it's important

Respecting the human rights of workers is a material issue in all supply chains. It is important for employers to have policies in place which ensure these rights are recognised and protected. This will be the same for us.

### How we approach it

As well as taking the necessary measures to ensure the wellbeing of workers in our supply chain, we will be ensuring our employees have the best conditions at work to thrive.

We are 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 a new Human Rights Policy and our Employee Code of Conduct. Once these are in place, we will ensure the necessary steps are taken to ensure they are implemented well and are proven to be effective.

Our health and safety standards will be kept at the highest level by systematically monitoring and preventing incidents through training and provision of the necessary safety equipment, for example, we provide personal protection equipment to all employees who are exposed to harmful chemicals (which could cause respiratory health conditions).

To ensure worker wellbeing we offer free health checks to all employees once a year, which includes various physical examinations and scans including chest X-rays.

### Our progress

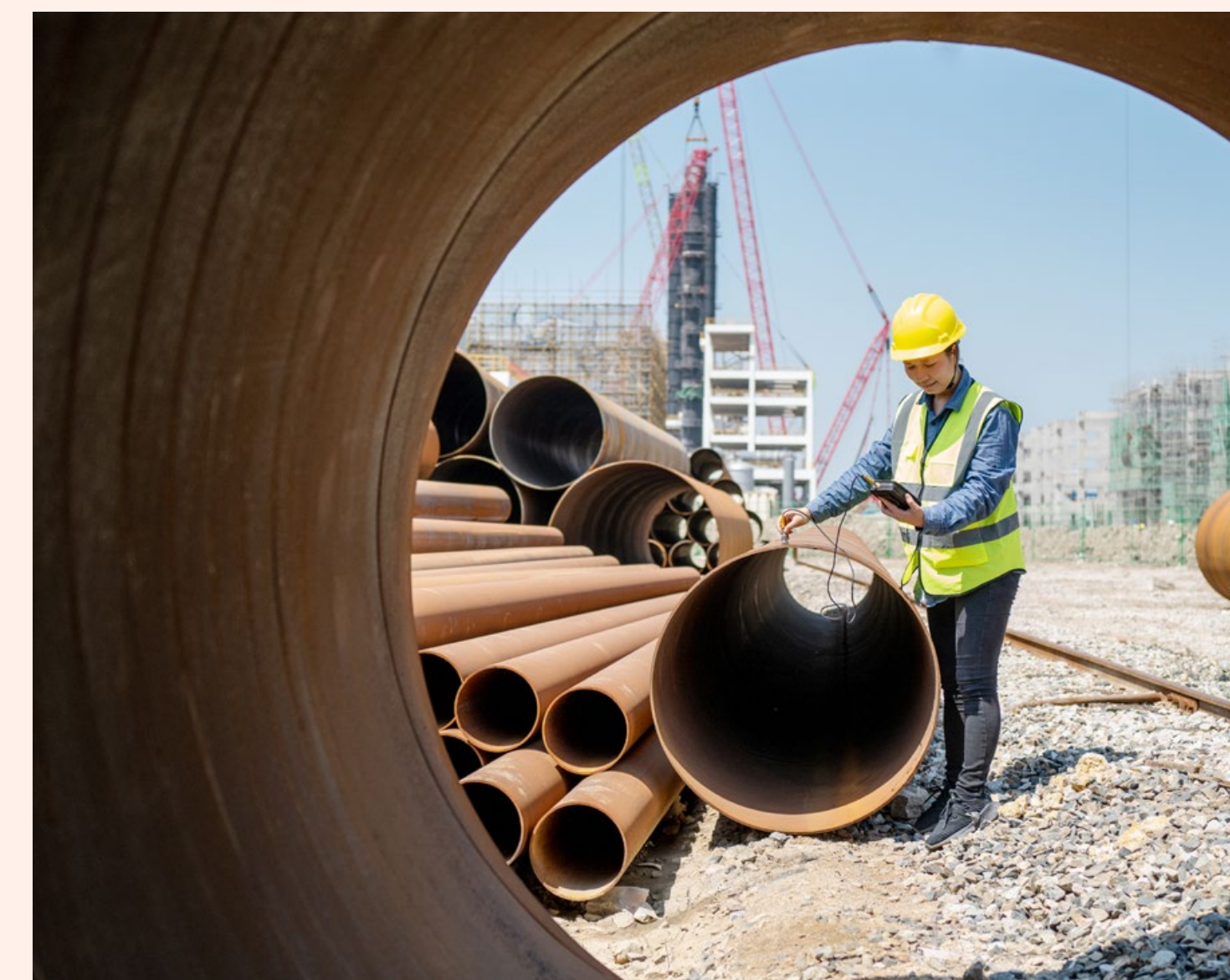
Goal	Progress
Track our most material human rights risks and incorporate into Code of Conduct by 2024	Planned for 2024
Conduct a social responsibility audit by 2025	Planned for 2024
Train all employees in chosen HSE standard by 2024	Workplace safety training has been given within each department in 2023

In 2023, we focused our efforts on establishing a robust internal health and safety standard. Workplace safety training was given to each department within the business and with the establishment of a new Quality and HSE function in early 2024, with the necessary resources and systems in place, we will align ourselves with an external standard.

We had no recorded incidents in 2023 and no fatalities, and we had a total of 286 hours of sick leave, which equated to 0.28% share of total worked hours during the year.

We also introduced two new mechanisms to our employees a voice at work: a new grievance mechanism and an annual employee survey (see more on page 41).

We have had a short delay in launching our new Code of Conduct to ensure alignment with other social policies being developed at the company. This was launched in 2024 and training will be given to all employees. We will also be doing work to develop a Human Rights Policy which will be incorporated into our Employee (and later, Supplier) Code of Conduct, and by the end of the year we will be ready to comply with the Norwegian Transparency Act.





Live well

## Meaningful work, engagement & work culture

### Why it’s important

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.

### How we approach it

We are committed to increasing the regional social recognition of the aquaculture industry by being a modern and attractive employer to all age groups. We offer extensive employee benefits – insurance for employee and family, career progression plans, and incentive bonuses.

We have a strong focus on bringing together different cultures and ways of working through single set of values to deliver our strategy, among other things, through training and events.

To optimise our approach to creating meaningful work, high engagement and a healthy company culture, we conduct an annual employee survey covering a range of topics including:

- Skills, personal development and training.
- Empowerment and influence.
- Communication and knowledge sharing.
- Reward and recognition.
- Team and company culture.

### Our progress

Goal	Progress
Develop and train 100% of employees in company strategy and ways of working by 2024	We will be conducting this training in 2024

In 2023, we introduced a new induction programme which 100% of new employees have completed since launch.

We also conducted an employee engagement survey with everyone, which had very positive results. When asked to rank 23 statements on a number of topics between 0 and 5 (from strongly disagree to strongly agree), employees reported high levels of engagement, empowerment and communication:

My work feels meaningful	4.7
I get the information I need to understand the business mission and goals	4.48
We have good cooperation in our group / department	4.67
I have an opportunity for development at work	4.47
I can influence my work	4.43

The lowest score was 3.82 when asked if they had received training in the last 12 months (the survey was conducted before all employees had received training), and the highest was 4.83 when asked if they understand what is expected of them at work.

Overall, the survey showed a very high job satisfaction and recommendation of the company to friends, though it also provided HR with information on incidents and insights into improvement potential.

In 2024, we will be both expanding our team and working with an external consultant to provide leadership training and workshops to our managers. Through our efforts to be an attractive employer and community engagement activities in China, we also aim to attract young people to the community and business. At the end of 2023, we had attracted 15 people from the Xiangshan County.

Age	Under 30	31-40	41-50	51-60	Over 60	Total
Number	27	15	22	7	3	74
Ratio	36.49%	20.27%	29.73%	9.16%	4.05%	100%

Live well

## ♀♂ Workforce diversity

### Why it's important

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.

### How we approach it

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 team in China includes many foreign experts in Atlantic salmon aquaculture from countries including Norway, Chile, the UK and the Faroe Islands, with many years of farming experience. Working together with the local workforce they are transferring skills and knowledge to help develop this industry, in so doing, increasing capabilities for low-impact protein production in one of the world's biggest markets.

As well as investing heavily to ensure we have the best expertise, our main focus to begin with, will be ensuring our recruitment supports gender diversity.

### Our progress

Goal	2023 Progress
Reach a 30:70 gender balance between women and men across our workforce by 2025	27:73 women to men in 2023
40% women in leadership roles by 2025	Up from 0% in 2022, to 40% with two new hires in 2023

At the end of 2023, we had a total of full time 74 employees.

We have made progress in 2023 to address the gender imbalance in the two areas where we set ourselves goals. In 2023, there were some changes made to the Board of Directors: Ragnar Joensen (previously Executive Chairman with the company) was named as CEO and three new directors were appointed to the Board, including two women: Therese Log Bergjord, CEO at aqua-feed business Skretting; and Aino Olaisen, Chairman and part-owner of Norwegian salmon farmer Nova Sea. The new appointments enabled us to reach our goal of having a 40% female Board.

While new appointments to the Management Team increased the ratio of men to women (which we hope to readdress), we increased the ratio of women in the workforce as a whole, with more women in administrative roles.

### Total workforce



### Management Team



### Board of Directors



● Male ● Female

Live well

## Ethical business conduct & compliance

### Why it's important

In most organisations, certain functions pose elevated risks of bribery and corruption. Conducting all stakeholder engagement and business conduct ethically is a material issue in all organisations.

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.

### How we approach it

Our approach is set standards of behaviour 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, which is ensured through the implementation of anti-corruption and anti-bribery measures such as training for key employees to mitigate risks.

### Our progress

Goal	Progress
Develop a new Code of Conduct and communicate to all employees by 2024, and all suppliers by 2026	The employee code of conduct was delayed and the work for a supplier code of conduct will follow

We have had a short delay in launching our new Code of Conduct to ensure alignment with other social policies being developed at the company.

Together with our good governance practices and policies, to meet the Norwegian Transparency Act, we plan to introduce a systematic due diligence approach by 2025, to ensure we have robust minimum safeguards in place, among other things, on corruption.

In 2024, we will sign up to the UN Global Compact to further demonstrate our commitment to human rights, labour, environment and anti-corruption.



Live Well

## Community investment, relations & engagement

### Why it's important

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.

Ensuring we are creating shared value locally and able to demonstrate this is also important for any foreign company.

### How we approach it

We aim to have open and transparent communication with stakeholder groups and communities. 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 approach to stakeholder engagement enables us to not only effectively manage our obligations but also provides us with the opportunity to actively listen and engage with them.

This ongoing and increasingly systematic approach informs our strategy, projects and processes, with the ultimate aim of creating shared value for society. Such efforts are mainly coordinated with the local government at county and district levels.

As the business grows, we will continue to develop our approach, ensuring we optimise engagement and meet the necessary standards (e.g. outlined as part of European reporting regulation and our human rights and transparency obligations).

We respect the integral role we play in the local communities in which we operate. The dialogue, events, investment and value creation (for example through jobs and local sourcing) we make locally is a bit priority.

### Our progress

Goal	Progress
Develop community engagement programme by 2025	In 2023 we increased our community investment and engagement

In 2023, more than 60% of our supplier spend was in China, where we worked with around 70 local and national suppliers.









We also held or sponsored two events with the local community, attracting between 500-1000 people. We were involved in an Ocean Cleanup Day, a Youth & Sea Community Basketball Match, a Lantern Festival and Asian Games.



Live Well

## Community investment, relations & engagement

Here below is an update on our stakeholder engagement in 2023.

Stakeholder group	Methods of engagement	Purpose of engagement	Examples of outcomes
 <b>Employees</b>	<ul style="list-style-type: none"> <li>- Employee survey</li> <li>- Grievance mechanism</li> <li>- Materiality questionnaires and interviews</li> </ul>	<ul style="list-style-type: none"> <li>- Employee views and work satisfaction</li> <li>- Building long-term relationships</li> <li>- Increase possibility to create shared value</li> </ul>	<ul style="list-style-type: none"> <li>- Identification of areas to increase focus on</li> <li>- High engagement (shown from scores in 1<sup>st</sup> survey)</li> <li>- Prioritisation of ESG topics</li> </ul>
 <b>Government, policymakers and regulators</b>	<ul style="list-style-type: none"> <li>- Direct and regular dialogue with local government</li> <li>- Information and site visits</li> </ul>	<ul style="list-style-type: none"> <li>- Increase possibility to create shared value</li> <li>- Develop new standards</li> </ul>	<ul style="list-style-type: none"> <li>- Development of new standards for new farming technology</li> </ul>
 <b>Investors</b>	<ul style="list-style-type: none"> <li>- Investor meetings, calls and emails</li> <li>- Capital Market Day (from 2024)</li> <li>- Materiality questionnaires and interviews</li> </ul>	<ul style="list-style-type: none"> <li>- Attracting new investment</li> <li>- Increasing transparency</li> <li>- Understanding expectations (e.g. ESG)</li> </ul>	<ul style="list-style-type: none"> <li>- Increase in capital</li> <li>- Response to investor expectations</li> <li>- Prioritisation of ESG topics and alignment with best-practice standards</li> </ul>
 <b>Local communities</b>	<ul style="list-style-type: none"> <li>- Local community events</li> <li>- Collaboration on projects</li> </ul>	<ul style="list-style-type: none"> <li>- Community views and feedback</li> <li>- Creating shared value</li> <li>- Building engagement and trust</li> <li>- Attracting new young talent to the local community</li> </ul>	<ul style="list-style-type: none"> <li>- Established new long-term relationships</li> <li>- Increased use of local suppliers</li> </ul>
 <b>Customers</b>	<ul style="list-style-type: none"> <li>- Customer days (from 2024)</li> </ul>	<ul style="list-style-type: none"> <li>- Building long-term relationships</li> <li>- Communicating priorities</li> <li>- Meeting customer needs</li> </ul>	<ul style="list-style-type: none"> <li>- New customer relationships in several Chinese cities</li> <li>- Developing new business concepts with partners</li> </ul>
 <b>Suppliers</b>	<ul style="list-style-type: none"> <li>- Regular calls and emails</li> <li>- Materiality questionnaires and interviews</li> </ul>	<ul style="list-style-type: none"> <li>- Building long-term relationships</li> <li>- Communicating priorities</li> </ul>	<ul style="list-style-type: none"> <li>- Alignment on company expectations and</li> <li>- Prioritisation of ESG topics</li> </ul>
 <b>Civic and non-profit organisations</b>	<ul style="list-style-type: none"> <li>- Ad-hoc engagement on specific issues</li> </ul>	<ul style="list-style-type: none"> <li>- Meeting best-practice sustainability standards</li> </ul>	<ul style="list-style-type: none"> <li>- Too early to determine</li> </ul>
 <b>Industry and sustainability associations</b>	<ul style="list-style-type: none"> <li>- Materiality questionnaires and interviews</li> </ul>	<ul style="list-style-type: none"> <li>- Meeting best-practice sustainability standards</li> </ul>	<ul style="list-style-type: none"> <li>- Prioritisation of ESG topics</li> </ul>

# Our work and the UN Sustainable Development Goals

To ensure our business is fit-for-the-future, we align our sustainability work with international frameworks and directives including the UN Sustainable Development Goals (SDGs).

## Eat sustainably



Though the production of nutritious low-impact protein does not directly support any specific target outlined under SDG 2 to end hunger, achieve food security and improved nutrition and promote sustainable agriculture, we believe our business model and sustainability priorities are aligned with the achievement of this goal.

Our commitments to work with international standards and global certification programmes built on effective partnerships support SDG 17 Partnerships.

## Tread lightly



Our goals to achieve the lowest use of freshwater per kilo of salmon on the market aligns with SDG 6 Clean water and sanitation. Setting up our operations using primarily renewable energy sources support SDG 7 Affordable and clean energy.

Our environmental approach to achieve optimum efficiency - through a market leading feed conversion ratio - and decouple growth from the use of natural resources, aligns with the target to increase global resource efficiency in consumption and production and ensure sustainable production and consumptions patters under SDGs 8 and 12. Specifically we are committed to demonstrate responsible leadership when it comes to waste management and our choice of packaging when selling our product - we will ensure it follow circular principles as soon as we are able to find effective solutions.

Our business model underpins our commitment to support SDG 13 Climate action, not only in the choices we

make for our operations but also how we work with our suppliers.

By farming salmon on land we are avoiding many of the traditional impacts on the ocean from farming activity. However, as our operations are located near to the ocean, we are working with experts to minimise potential environmental impacts from effluents. This, combined with our commitment to source feed that is certified as sustainable, is how we plan to reduce marine pollution and ensure we do not play part in the exploitation of fish stocks - both priorities under SDG 14 Life below water.

Our approach to feeding our salmon will also ensure we are not contributing to the degradation of ecosystems and loss of biodiversity, in SDG 15 Life on land. This includes short-term goals to ensure we are not contributing towards deforestation or unsustainable sourcing of plant proteins. With a target to have zero fish escapes we also avoid the introduction of invasive species.

## Live well



Our commitment to support workforce diversity, particularly through our gender goals, support SDG 5 Gender equality.

By offering meaningful work, and by ensuring we reach our goals to ensure good working conditions and protect human rights across the value chain, we align our work with SDG 8 Decent work and economic growth.

# SASB Meat, Poultry & Dairy Standard

Topic	Accounting Metric	Report or Reference	Reference Code
Greenhouse Gas Emissions	Gross global Scope 1 emissions (Metric tons (t) CO <sub>2</sub> -e)	Page 31	FB-MP-110a.1
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Page 31	FB-MP-110a.2
Energy Management	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable (Gigajoules (GJ), Percentage (%))	Page 31	FB-MP-130a.1
Water Management	1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress (Thousand cubic meters (m <sup>3</sup> ), Percentage (%))	Page 33	FB-MP-140a.1
	Description of water management risks and discussion of strategies and practices to mitigate those risks	Page 31	FB-MP-140a.2
	Number of incidents of non-compliance with water quality permits, standards, and regulations	N/A	FB-MP-140a.3
Land Use & Ecological Impacts	Amount of animal litter and manure generated, percentage managed according to a nutrient management plan (Metric tons (t), Percentage (%))	Page 31	FB-MP-160a.1
	Percentage of pasture and grazing land managed to Natural Resources Conservation Service (NRCS) conservation plan criteria (Percentage (%) by hectares)	N/A Atlantic salmon aquaculture	FB-MP-160a.2
	Animal protein production from concentrated animal feeding operations (CAFOs) (Metric tons (t))	N/A Atlantic salmon aquaculture	FB-MP-160a.3
Food Safety	Global Food Safety Initiative (GFSI) audit (1) non-conformance rate and (2) associated corrective action rate for (a) major and (b) minor non-conformances	Product not yet launched to market No non-conformances	FB-MP-250a.1
	Percentage of supplier facilities certified to a Global Food Safety Initiative (GFSI) food safety certification program	Page 27	FB-MP-250a.2
	(1) Number of recalls issued and (2) total weight of products recalled	Product not yet launched to market	FB-MP-250a.3
	Discussion of markets that ban imports of the entity's products	N/A yet	FB-MP-250a.4
Antibiotic Use in Animal Production	Percentage of animal production that received (1) medically important antibiotics and (2) not medically important antibiotics, by animal type	0	FB-MP-260a.1

# SASB Meat, Poultry & Dairy Standard

Topic	Accounting Metric	Report or Reference	Reference Code
<b>Workforce Health &amp; Safety</b>	(1) Total recordable incident rate (TRIR) and (2) fatality rate	0	FB-MP-320a.1
	Description of efforts to assess, monitor, and mitigate acute and chronic respiratory health conditions	Page 40	FB-MP-320a.2
<b>Animal Care &amp; Welfare</b>	Percentage of pork produced without the use of gestation crates	N/A Atlantic salmon aquaculture	FB-MP-410a.1
	Percentage of cage-free shell egg sales	N/A Atlantic salmon aquaculture	FB-MP-410a.2
	Percentage of production certified to a third-party animal welfare standard	0%	FB-MP-410a.3
<b>Environmental &amp; Social Impacts of Animal Supply Chain</b>	Percentage of livestock from suppliers implementing the Natural Resources Conservation Service (NRCS) conservation plan criteria or the equivalent	N/A Atlantic salmon aquaculture	FB-MP-430a.1
	Percentage of supplier and contract production facilities verified to meet animal welfare standards	Animal welfare policy to be developed once certification standard chosen.	FB-MP-430a.2
<b>Animal &amp; Feed Sourcing</b>	Percentage of animal feed sourced from regions with High or Extremely High Baseline Water Stress	8%	FB-MP-440a.1
	Percentage of contracts with producers located in regions with High or Extremely High Baseline Water Stress	Not available	FB-MP-440a.2
	Discussion of strategy to manage opportunities and risks to feed sourcing and livestock supply presented by climate change	Page 30	FB-MP-440a.3
<b>Activity</b>	Number of processing and manufacturing facilities	1	FB-MP-000.A
	Animal protein production, by category; percentage outsourced	0	FB-MP-000.B



# CDP SME Climate Framework

Aspect	Disclosure Question	Report or Reference
<b>Measure</b>	What are your gross global operational emissions (Scope 1 and 2)?	Page 30
	Are there any emissions that are in the reporting boundary but are excluded from the inventory?	No
	Describe your emissions in the context of an appropriate business metric (Emissions intensity)	To be published in 2025
<b>Commit</b>	Provide details of your targets and progress made against them	The business is not fully operational. Once it is we will set targets
	Provide details of your targets and progress made against them	The business is not fully operational. Once it is we will set targets
<b>Action &amp; Impact</b>	Have you, or do you plan to, take action to reduce your GHG emissions?	Page 30
	How have your emissions changed over time?	N/A as not yet fully operational
<b>Energy</b>	Report your total energy consumption	Page 30
	Disclose your renewable energy purchase and generation	To be published in 2025
<b>Value Chain Emissions</b>	Disclose your gross global value chain emissions (Scope 3)	Page 30
<b>Management and resilience</b>	Is there any member(s) of your organization responsible for overseeing climate change matters?	Page 20
	Is your company aligned with a net-zero future?	We have plans to develop a transition pathway in 2025/26
	Do you assess your climate risks?	Page 30
	What are your major climate risks and how do you manage them?	Page 30
<b>Climate solutions</b>	Do you classify any of your existing goods and/or services as low carbon products or products that enable a third party to reduce GHG emissions in their value chain?	Yes. Once we are fully operational, we will calculate avoided emissions

## Our commitment to transparent reporting

One of the ways in which we review progress in our sustainability plans is through an annual reporting process.

While we are still at the early stages of our ESG reporting journey, we are committed to align our reporting with our stakeholders' expectations to achieve a high level of transparency on our most material sustainability risks and opportunities. This also ensures we meet the growing reporting regulation globally.

This report for 2023 was developed in conformance with the SASB Meat, Poultry & Dairy Standard and reference to the CDP SME Climate Framework, disclosing data where available.

In 2025, we will report our progress with the UN Global Compact Principles and with reference to new EU reporting requirements. We are committed to developing our ESG reporting in line with leading approaches to transparency while at the same time taking into consideration the age and size of our business.



# Corporate Governance



# Corporate Governance

## Corporate Governance

As a company admitted to trading on Euronext Growth in Oslo, Nordic Aqua Partners AS is not formally subject to The Norwegian Corporate Governance Board's ("NCGB" or "NUES") recommendation on corporate governance for Companies listed in Norway (The Norwegian Code of Practice for Corporate Governance) and is not required to publish a corporate governance report according to the Norwegian Accounting Act § 3-3b, 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.

### Amendment of Articles of Association

Unless otherwise required by the Norwegian Public Limited Liability 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.

Nordic Aqua Partners AS has entered into an Directors & Officers Liability Insurance. All Directors and Officers in Nordic Aqua are part of this insurance coverage which has a total limit of DKK 50 million.

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. None of the Board members participate in the day-to-day operation of the Company. Atle Eide, the Chairman of the Board and Aino Olaisen are considered independent. Knut Nesse, Therese Log Bergjord and Vegard Gjerde are considered not independent.

### 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 2023 the Board of Directors met 11 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

Name	Role	Considered independent of main shareholders	Served since	Term expires	Participation Board meetings 2023	Indirect shares in NOAP end 2023	Direct shares in NOAP end 2023
Atle Eide	Chair	Yes	March 2023		8 of 8		137,146
Ragnar Joensen	Chair	Yes	Nov. 2017	March 2023	3 of 3	149,000	0
Ove Nodland	Director	Yes	Nov. 2017	March 2023	3 of 3	604,700	44,588
Knut Nesse	Director	Yes	Sept. 2020		11 of 11	0	0
Tore Hopen	Director	Yes	May 2022	March 2023	3 of 3	0	0
Vegard Gjerde	Director	No	May 2022		11 of 11	0	30,000
Aino Olaisen	Director	Yes	March 2023		8 of 8	0	193,965
Therese Log-Bergjord	Director	No	March 2023		8 of 8	0	0

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. Please see the “Transactions with related parties” section for more information.

### **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.



# Market Opportunity

On a global scale the demand for healthy, nutritious, and sustainably produced seafood continues to rise.

However, the conventional farming of Atlantic Salmon has witnessed limited supply growth in recent years. This disparity between demand and supply has resulted in a tight market balance, contributing to consistently high global salmon prices.

In 2023, China stands out as the country experiencing the most robust growth in the Atlantic Salmon market. As the largest seafood market globally, China's momentum is driven by the rapid expansion of its upper middle and high-income class, estimated at 54 % of the Chinese households by 2025 (McKinsey 2022)<sup>1</sup>.

Nordic Aqua is strategically positioned with proximity to a vast market, with access to approximately 100 million consumers in Greater Shanghai within a 5-hour reach.

<sup>1</sup>) Source 2023 McKinsey China Consumer Report



Traditionally, Japanese Sushi restaurants have been the primary consumer segment. However, a noticeable shift is occurring, with the retail sector rapidly growing in importance. This shift necessitates a focus on more traditional market-farmed Atlantic salmon sizes to allow for further growth.

Nordic Aqua distinguishes itself by producing an average fish size of 5.3 kg (similar to overall average in Norway) live weight which is perfectly suitable for the growing retail segment. As for pricing, it's anticipated that salmon prices in the Chinese market will mirror global trends. It's important to note that global salmon prices exhibit variability according to size, time of year and form year to year.

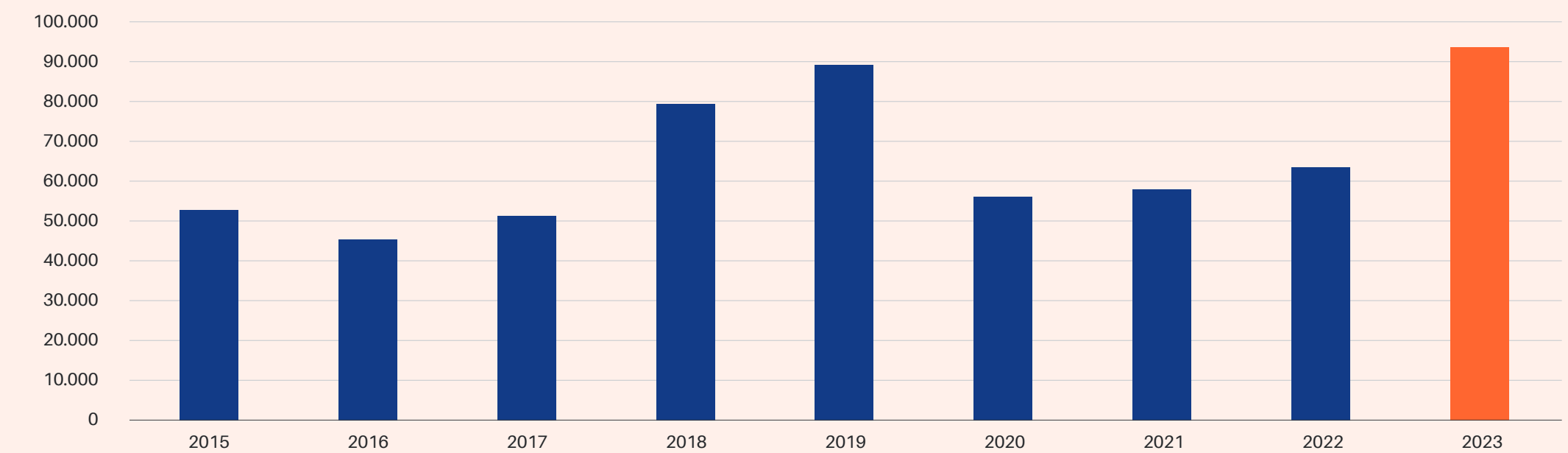
In conclusion, the Atlantic Salmon market in China presents a dynamic landscape with evolving consumer preferences, market dynamics, and growth opportunities. Nordic Aqua's strategic advantages, including its location and product specifications, the company is well positioned to capitalize on the changing market trends and contribute significantly to the expected increased demand for Atlantic Salmon in China. Our understanding of the intricate relationship between global and local factors is crucial for Nordic Aqua's success in navigating and thriving within this

dynamic market.

The importation of Atlantic salmon to China experienced significant growth between 2015 and 2019, rising from 53 to 89 thousand tonnes. However, the onset of the Covid-19 pandemic in 2020 led to a sharp decline, with imports decreasing to 56 thousand tonnes. Subsequently, from 2021 onwards, import figures began to rebound. Notably, a remarkable 47% increase between 2022 and 2023 resulted in a record-high import volume of 94 thousand tonnes of Atlantic salmon in 2023.

In terms of pricing, the average price of imported fresh Atlantic salmon to China from all countries of origins remained relatively stable around 9 EUR/kg from 2015 to 2019. Nevertheless, the disruptive effects of Covid-19 in 2020 drove prices below 6 EUR/kg. During 2021, prices increased to new highs, peaking at 15 EUR/kg. This upward trend continued into 2022, with prices soaring to 19 EUR/kg in the second quarter. However, by 2023, prices had moderated, returning to the 9 EUR/kg mark. This price adjustment coincided with the 47% increase in imported volumes.

**Chinese import of Atlantic fresh and frozen salmon from all countries of origin (1,000 tonnes)**



Updated on numbers from 31.12.2023  
Chinese Custom Data

**Average price on Chinese import of fresh or chilled Atlantic Salmon from all countries of origin (EUR/kg, HOG)<sup>2</sup>**



<sup>2</sup>) Import price includes import duty  
Updated on numbers from 31.12.2023  
Chinese Custom Data



# Board of Directors report



# Board of Directors Report

Nordic Aqua Partners AS (NOAP AS) is a public limited liability company incorporated in Norway on 9<sup>th</sup> March 2022, organized and existing under the laws of Norway pursuant to the Norwegian Public Limited Liability Companies Act. The Danish company Nordic Aqua Partners A/S (NOAP A/S) was listed on Euronext Growth in Oslo on 2<sup>nd</sup> December 2020, under the ticker "NOAP".

On the 16<sup>th</sup> of August 2023, the company transferred the jurisdiction of incorporation of Nordic Aqua Partners A/S from Denmark to Norway, through a cross border merger between the Danish entity Nordic Aqua Partners A/S and the Norwegian entity Nordic Aqua Partners AS. The Company's business continued in Nordic Aqua Partners AS as a Norwegian private limited liability company.



The merger was 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.

Upon the completion of the merger, the company registered in both Denmark and Norway, the shares of the Danish company were deleted while at the same time the new shares of the Norwegian company were issued and delivered to the investors. Technically, in the VPS, the deleted Danish shares were substituted by the new Norwegian shares with a new Norwegian ISIN number through an ISIN swap. In other words, there was no actual security movements taking place on the VPS accounts of the investors. Their shareholding in the VPS account remained the same, except that the ISIN number and name of the issuer 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 Partners AS acts primarily as a holding company to its 100 % owned subsidiary registered in China.

### Sustainability

As we are still in an early phase of our business, we are not yet collecting and reporting all the information we plan to disclose to provide a full picture of all the risks, opportunities, impacts and dependencies we (and others) see for our business. As the business develops and grows, so will our ESG reporting. See our ESG chapter on page 19 for full information on our operating context, the most material risks and opportunities we have identified, and the first phase of our ESG plan.

Please see page 31, 38, 44 and 50 for matters on future environmental requirements that may affect the business.

Please see page 40 for matters on working environment and social conditions.

Please see page 31, 44 and 50 for matters on external environment.



## Farming review

New batches are introduced to the facility every 3 months and as of end of March 2024, the facility holds 9 batches of fish.

Biological performance has been very strong, with growth and survival well above expectations and plan.

The fish have no signs of maturation. The plant has sufficient cooling capacity to keep temperatures in RAS systems below 13 degrees Celsius and the cleaning system is keeping the water clear in all systems. Accumulated mortality was 0.8% for 2023 and is below expectations for all batches. Accumulated mortality from 150 gram to 4.0 kg in Batch 1 is 1.7%.

The facility is dimensioned for a high recirculation of 99.9% and has proven to secure good water quality and performance.

Total production in 2023 was 1,078 tonnes bringing total biomass to 1,702 tonnes by the end of the period.

A test harvest took place in February 2024, featuring fish averaging 5.0 kg LW. Across quality parameters including colour, fat content, taste, and shape, all aspects were considered excellent.

First commercial harvest will take place in April 2024.

Harvest volume will gradually increase through May 2024, reaching full scale harvest in June with a monthly harvest of approximately 350 tonnes.

Batch 2 will be harvested in Q3 2024 with the same average weight as Batch 1.

The first batch of Atlantic salmon eggs were laid-in March 2022, with feeding initiated in May 2022. With growth outpacing the progress in facility construction, the strong growth eventually led to capacity constraints early 2023 and consequently, Nordic Aqua had to dampen growth by cooling the water to stay on course with the project plan, leading to somewhat slower growth in the following quarters for the first batch. Nordic Aqua considers Batch 1 and partly Batch 2 to be test batches and not representative for the capacity, as we can see from the following batches.

The following batches have thus not had the same limitation as of Batch 1 and have all delivered expected or better than expected growth and survival.

Excellent fish welfare and survival rates for all batches. For Batch 1 the accumulated mortality has been 1.7% from smolt at 150g until end of March weight of 4.0 kg. Batches 2, 3 and 4 are respectively at 1.1%, 0.7% and 0.1% accumulated mortality from 150g.

Total production in 2023

1,078  
tonnes



## Project Review

All necessary land, infrastructure and operational facilities needed to for the development of the project is facilitated by the local governments and made available for Nordic Aqua under long term (10+10 years) lease agreements through Xiangshan Strait Economic & Technological Cooperation Co., Ltd.

The lease agreements at entered at fixed terms and contributes to reduce risk for potential cost overruns on buildings and infrastructure.

The contract with AKVA Group for delivery of the Stage 1 RAS system, is a turnkey delivery contract, which means that the contract amount is fixed all the way to installation, commissioning, and handover.

For Stage 2 the contract with AKVA Group is based on a target price arrangement, so potential changes in sourcing indexes may impact the price.

Combined, the long-term lease contracts with Xiangshan Strait Economic & Technological Cooperation Co., Ltd., Ltd. and the contracts with AKVA Group contributes to reduce/minimize risk for potential cost overruns in the projects.

As the project has progressed, Nordic Aqua has made individual adjustments to the design of the facility and the RAS technology together with the local government and AKVA. This optimises operations and CAPEX. However, some of the adjustments has come in addition to underlying contracts and may imply changes to previously communicated capital expenditures.



**STAGE 1**

The first stage of the Gaotang buildout, which constitutes an annual production capacity of 4,000 tonnes HOG, is completed. The civil work on buildings was finished in October 2023, while the RAS system for Purging was finished and ready in March 2024. The Processing Plant was ready in March 2024.

The farming Technology part is projected to be finalized with a total projected cost of EUR 53.0 million, slightly above original budget at EUR 52.5 million. By the end of the year, accumulated CAPEX for Stage 1 amounted to EUR 48.9 million.

Capex overview Stage 1	(EURm)
Accumulated CAPEX at 31 December 2023	49
Remaining	4
<b>Total</b>	<b>53</b>

The total cost for the Processing plant is estimated to be approximately EUR 4.5 million. The plant has a designed capacity for an annual harvest of 20,000 tonnes HOG. To support the full 20,000 tonnes HOG, two more Baader gutting machines and one more palletising robot needs to be installed together with minor adjustments, though representing a limited CAPEX. By the end of the year, accumulated CAPEX for the Processing plant amounted to EUR 1.3 million.

Leasehold improvements related to civil works are expected to be around EUR 3.5 million, expected to incur in Q2 2024.





### STAGE 2

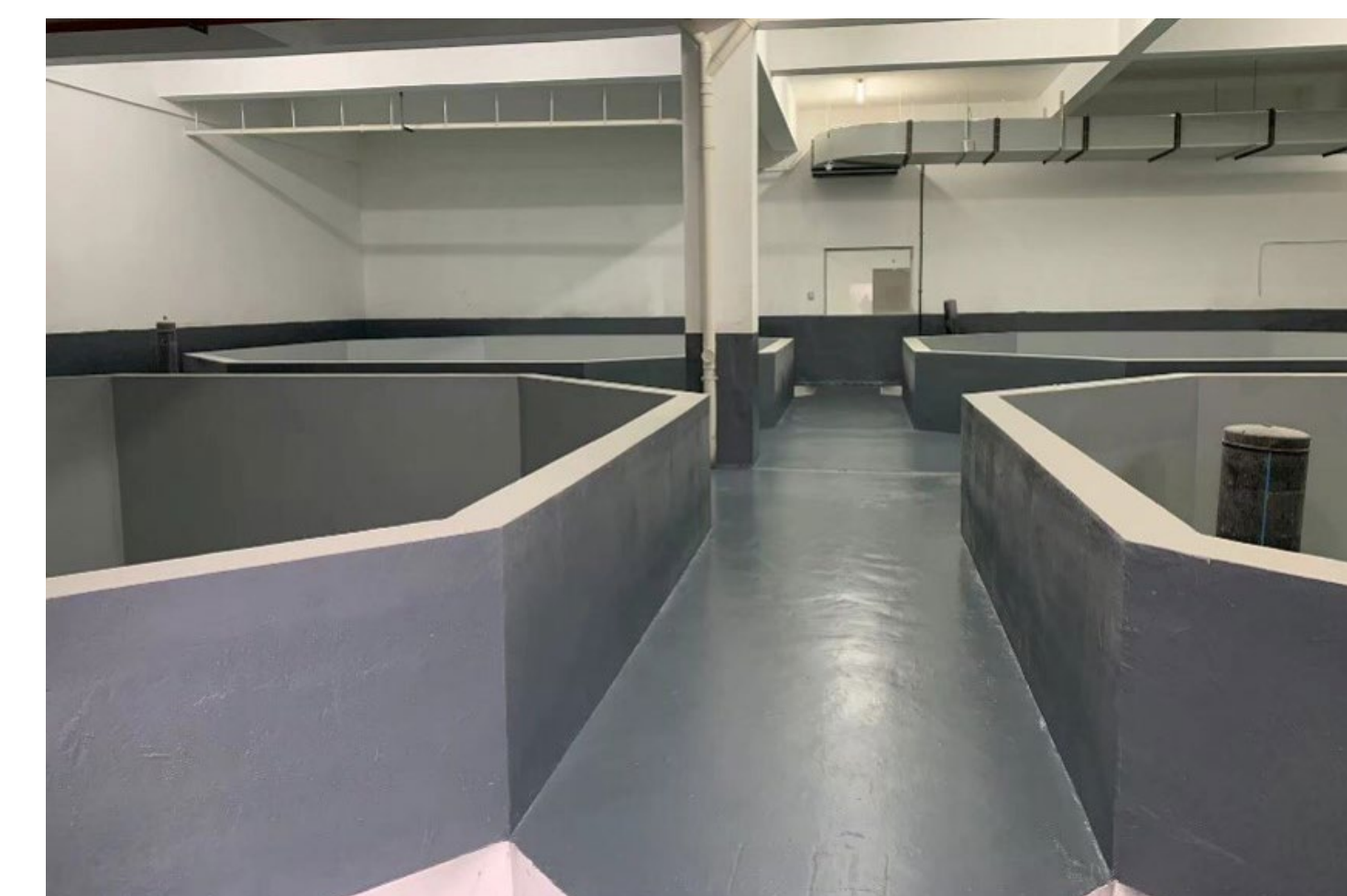
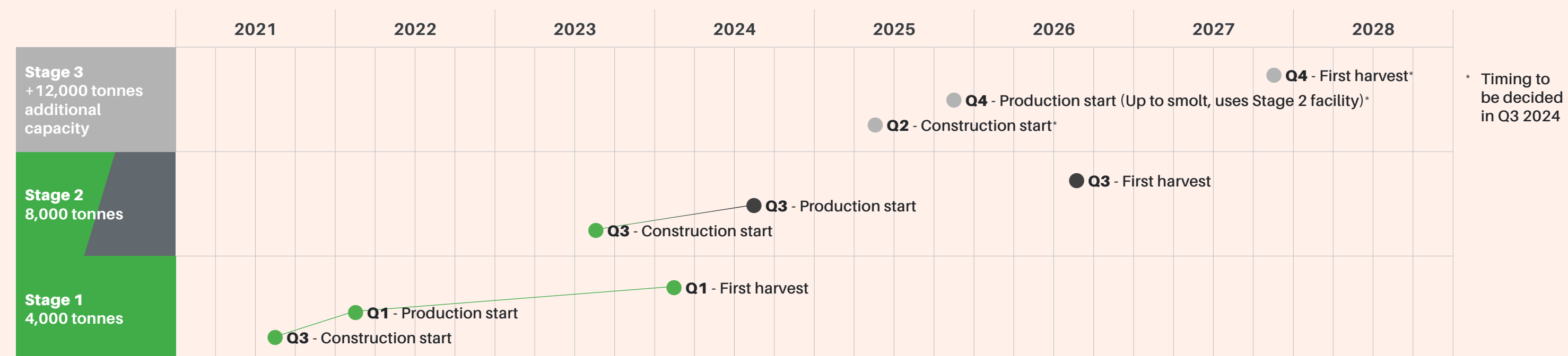
The second stage will increase annual production capacity to 8,000 tonnes HOG.

Following the end of Stage 1, the large building is now undergoing piling work and the small building is receiving RAS equipment. The hatchery's extra capacity in the small building is finished and operational. The construction of RAS 11 and 12 has begun.

The Government has entered into a construction contract that aligns with our time schedule with first inlay of Eggs for Stage 2, expected to be in Q3 2024, with first harvest from Stage 2 in Q3 2026.

The farming Technology part is projected to cost around EUR 57.5 million, based on June 2023 pricing. By the end of the year, accumulated CAPEX for Stage 2 amounted to EUR 2.8 million.

### Project milestones



### Business Economics

Stage 1 capex is completed with a total capex on farming technology of EUR 53 million equivalent to 13.30 EUR/kg (HOG). Guiding's for Stage 2 and 3 farming technology capex is a total capex of respectively EUR 57.5 million and EUR 150 million. Since the buildings are leased, the calculated lease financed capex is illustrated in the table on the right. For stage 1, 2 and 3 the calculated lease financed capex is EUR 19 million, EUR 17 million and EUR 39 million.

For 2024 the expected harvest volume is 3,400 tonnes HOG. Annual harvest volume for Stage 1 and 2 is 8,000 tonnes HOG and 20,000 tonnes HOG for Stage 1, 2 and 3.

EBIT cost per kg for 2024 is 6.70 EUR/kg (HOG) and comes down to estimated 5.50 EUR/kg (HOG) due to scale advantages. Since Nordic Aqua is following an extensive growth strategy the company has proactively scaled the organization for 20,000 tonnes, therefore Full EBIT cost per kg for 2024 is topped up with 0.80 EUR/kg (HOG) in company expansion costs. The company expansion costs will gradually diminish as the company progresses towards completing Stage 3.

### Cost Breakdown

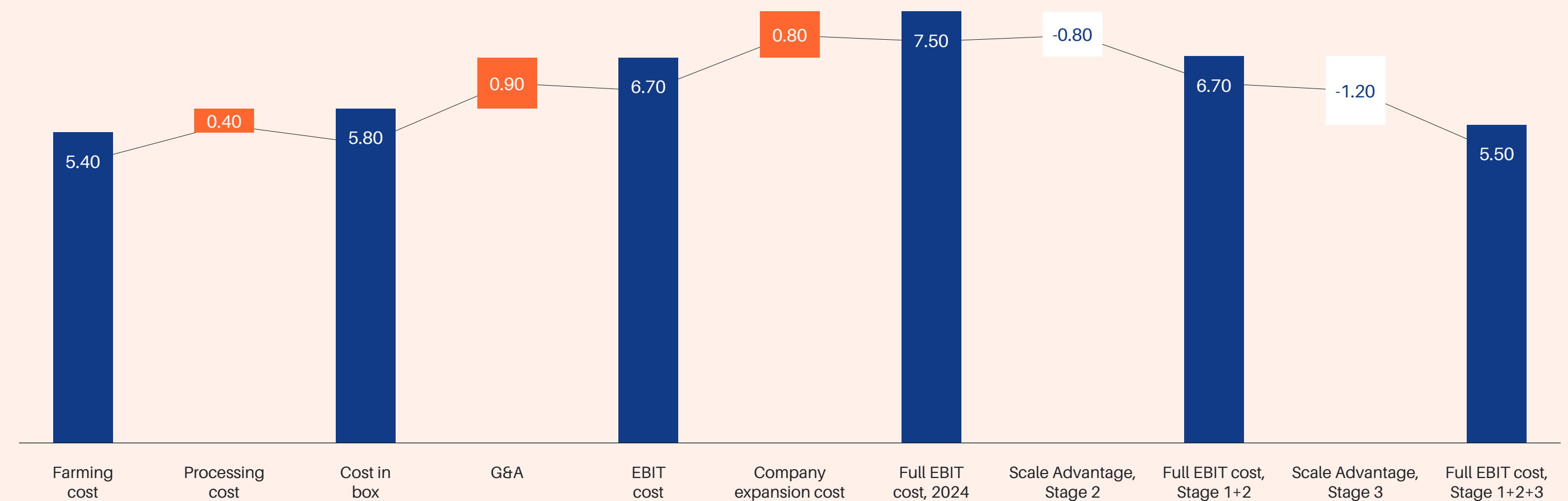
	2024	Stage 1+2	Stage 1+2+3 (flexibility)
Annual volume tonnes (HOG)	3,400	8,000	20,000
RAS Capex/kg (HOG) <sup>2</sup>	13.30 EUR <sup>1</sup>	13.80 EUR	13.00 EUR
Lease financed capex/kg (HOG) <sup>3</sup>	4.80 EUR <sup>1</sup>	4.60 EUR	3.80 EUR
Farming cost/kg (HOG)	5.40 EUR	5.40 EUR	5.00 EUR
Cost in box/kg (HOG)	5.80 EUR	5.70 EUR	5.20 EUR
G&A/kg (HOG)	0.90 EUR	0.60 EUR	0.30 EUR
EBIT cost/kg (HOG)	6.70 EUR	6.30 EUR	5.50 EUR
Company expansion cost/kg (HOG)	0.80 EUR	0.40 EUR	0.00 EUR
Full EBIT cost/kg (HOG)	7.50 EUR	6.70 EUR	5.50 EUR

1) Based on annual capacity of 4,000 tonnes

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

3) Estimated capex financed under lease with Xiangshan Strait Economic & Technological Cooperation Co., Ltd.

### EUR/kg (HOG)





# Financial review

(Figures in parenthesis refer to the same period last year).

## PROFIT AND LOSS

As a result of the merger between the Danish parent company and the Norwegian parent company completed in August 2023, the primary economic environment and generation and use of cash flows of Nordic Aqua became mainly denominated in euro. Consequently, effective on August 17, 2023, Nordic Aqua Partners AS changed its functional currency from the Norwegian krone ("NOK") to the euro ("EUR"). The Group changed both its presentation currency of its consolidated financial statements from the Danish kroner ("DKK") to the euro ("EUR"). For more information, see note 1.

The company had no operating revenues in 2023. Other operating income mainly related to other services, amounted to EUR 0.2 million (EUR 0.1 million).

Personnel expenses for the period totalled EUR 4.2 million, up from EUR 2.3 million in the corresponding period last year. Other external expenses came in at EUR 5.9 million (EUR 1.9 million), mainly related to production cost.

Operating EBIT for 2023 ended at EUR -6.6 million (EUR -3.8 million).

Fair Value of Biological Assets were initially recognised in the third quarter of 2023, when the first fish were recognised at Fair Value. For 2023 Fair Value of Biological Assets ended at EUR 1.9 million (EUR 0.0 million).

Net financial items were EUR -3.6 million (EUR -1.7 million), driven by negative net currency gains/ (losses) of EUR 2.4 million (negative EUR 1.3 million).

Net currency gains/ (losses) are mainly deviations on the EUR 25 million loan from Nordic Aqua to the subsidiary Nordic Aqua (Ningbo) and on the EUR 15 million loan from Eksfin - Export Finance Norway. Financial expenses are related to interest payments on the loan facility. For 2023 financial income amounted to EUR 0.3 million (EUR 0.3 million).

Pre-tax profit came in at EUR -8.2 million (EUR -5.5 million). The company is not in tax position, so profit for the period ended at EUR -8.2 million (EUR -5.5 million), corresponding to EUR -0.58 per share (EUR -0.53 per share).

(figures in EUR 1000)	2023	2022
Revenue	0	0
Purchase of goods	-2,492	-342
Change in inventory and biological assets (at cost)	6,426	726
Other operating income	226	61
Other external expenses	-5,850	-1,878
Staff costs	-4,187	-2,266
Depreciations	-697	-70
<b>Operating EBIT*</b>	<b>-6,574</b>	<b>-3,769</b>
Fair Value of Biological Assets	1,895	0
<b>EBIT</b>	<b>-4,679</b>	<b>-3,769</b>
Financial expense - net	-3,550	-1,707
<b>EBT</b>	<b>-8,229</b>	<b>-5,476</b>
Taxes	0	0
<b>Profit/loss for the period</b>	<b>-8,229</b>	<b>-5,476</b>

## CASH FLOW

Net cash flow from operating activities for 2023 was EUR -17.2 million (EUR -3.1 million). This is primarily due the operating loss of EUR 4.7 million (loss of EUR 3.8 million) and change in other current receivables of EUR -4.5 million (EUR 0.2 million). Net cash flow from operating activities includes a EUR 6.6 million negative effect from increase in biomass (EUR 0.7 million).

Net cash flow from investment activities was EUR -19.5 million (EUR -21.5 million), all related to payments for fixed assets.

Net cash flow from financing activities was EUR 48.9 million (EUR -0.4 million). Primarily from change in interest-bearing debt and proceeds from the capital increase in the first and fourth quarter.

Total net cash flow during for the year was EUR 12.2 million (EUR -25.0 million), leaving cash and cash equivalents at the end of the year at EUR 23.2 million, up from EUR 12.5 million 12 months earlier.

(figures in EUR 1000)	2023	2022
Cash flow from operations	-17,236	-3,083
Cash flow from investment activities	-19,490	-21,476
Cash flow from financing activities	48,895	-412
<b>Net change in cash and cash equivalents</b>	<b>12,169</b>	<b>-24,972</b>
Foreign exchange differences	-1,443	58
Cash and cash equivalents at the beginning of the period	12,514	37,428
<b>Cash and cash equivalents at the end of the period</b>	<b>23,240</b>	<b>12,514</b>

Total assets

101.6  
million EUR

### FINANCIAL POSITION

As at 31 December 2023, Nordic Aqua had total assets of EUR 101.6 million (EUR 51.8 million). Book value of fixed assets amounted to EUR 53.1 million (EUR 36.6 million). Right of use assets were initially recognised in the third quarter of 2023 amounted to EUR 4.5 million, when the first part of the lease agreement for the building was recognised. At the end the year Right of use assets amounted to EUR 9.3 million (EUR 0.0 million). Current assets increased to EUR 38.0 million (EUR 13.8 million). Biomass at the end of the year amounted to EUR 9.2 million (EUR 0.7 million). Biomass includes a fair value adjustment of EUR 1.9 million (EUR 0.0 million). Fair Value of Biological Assets were initially recognised in the third quarter of 2023, when the first fish were recognised at Fair Value.

Total equity amounted to EUR 73.4 million (EUR 48.2 million), corresponding to an equity ratio of 72% (93%).

Non-current liabilities at the end of the year were EUR 24.5 million (EUR 0.0 million). The change is related to the first drawdown of the loan from Eksfin - Export Finance Norway in April 2023 and long-term leasing debt which was initially recognised in the third quarter of 2023 and amounted to EUR 4.5 million, when the first part of the lease agreement for the building was recognised. At the end of the year Long-term leasing debt amounted to EUR 9.2 million (EUR 0.0 million).

Current liabilities at the end of the year were EUR 3.7 million (EUR 3.5 million), of which trade payables amounted to EUR 2.4 million (EUR 3.3 million).

(figures in EUR 1000)	2023	2022
Total non-current assets	63,628	37,973
Total current assets	37,957	13,800
<b>Total assets</b>	<b>101,585</b>	<b>51,773</b>
<b>Total equity</b>	<b>73,350</b>	<b>48,248</b>
Total non-current liabilities	24,511	0
Total current liabilities	3,724	3,525
<b>Total liabilities</b>	<b>28,235</b>	<b>3,525</b>
<b>Total equity and liabilities</b>	<b>101,585</b>	<b>51,773</b>

### ALLOCATION OF NET PROFIT

It is proposed that the company's net loss for the year, in the amount of EUR 8.2 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 the end of the year, is sufficient.

The Company has an agreement with Bank of Ningbo, Xiangshan Branch, to provide a conditional credit facility of RMB 35 million to be used for VAT financing. The Company is in process of changing the facility for general working capital purposes in the same amount and has signed a letter of intent with Bank of Ningbo for the provision of such facility Nordic Aqua completed a private placement on EUR 26.2 million in February 2023 to add equity funding to finance Stage 2 together with the operational results from 2024 and 2025.

In November 2023, the Company enhanced its liquidity by conducting another private placement, securing EUR 8.4 million in new equity, to increase the financial buffer and flexibility. The company is further in the process of evaluating sources of debt funding for strengthening the financing of the company and its future growth plans.

Future need for additional financing is dependent on how fast the Company progress with the development of Stage 3 and the Company's ability to generate operational cash flow.

The Company's budgets and plans are based on best estimates of the future at the time of issuing this interim 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 3-3a in the Norwegian Public Limited Liability Companies Act 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 2023 financial year and the company and Group's financial position at the close of the year.



## Subsequent events

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

## Transactions with related parties

Nordic Aqua has entered 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
- Trial and data access agreement with Skretting

Knut Nesse is member of the board of directors of the Company and CEO of AKVA Group and Therese Log Bergjord is member of the board of directors of the Company and CEO of Skretting. Further, Nutreco, the parent company of Skretting and AKVA Group are main shareholders in Nordic Aqua Partners 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 2023 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 Group's future financial position depends on sales prices for salmon on the Chinese market. Other future liquidity risks include the impacts from fluctuations in production and harvest volumes, biological issues, and changes in feed prices.

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 2023, Nordic Aqua had 16,334,089 issued shares, held by 503 shareholders.

Nordic Aqua Holding ApS is the company's largest shareholder with 5,168,922 shares, corresponding to 31.6% of total number of shares outstanding. Nordic Aqua Holding ApS is owned by Nutreco, key personnel and others.

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.

The Extra Ordinary General meeting on 7 November 2023 has granted 230,000 options, divided into two tranches. Tranche 1 consists of 115,000 options with an exercise price of NOK 81 per option. Tranche 2, also consisting of 115,000 options, shall have an exercising price equal to the weighted average price of the shares in the Company measured over a 30-day period starting of the date falling 12 months after award of the options ending 30 days thereafter.

The board is authorized to increase the share capital by up to NOK 486,478 in connection with the Company's incentive program, in one or more share capital increases through issuance of new shares. The authorization may only be used to issue shares to the group's employees and board members in connection with incentive programs, both individual and general. The authorization is valid until the annual general meeting in 2024, however no longer than until 30 June 2024.

During the year, the share Nordic Aqua share varied in price from NOK 59.00 to NOK 84.50. The closing price on 31 December 2023 was NOK 82.50, compared to NOK 59.20 on 31 December 2022, and the share price was accordingly up down 39.4% during the year. Total market capitalisation at year end 2023 was NOK 1,348 million (NOK 609 million).

Just below 1,020,700 (890,000 shares), or 7.2% (8.6%) of the overall number outstanding, were traded during the year. Share turnover totalled NOK 71.2 million (NOK 57.7 million) during the year. Average daily traded volume was about 4,066 and the average daily traded value was about NOK 280,000.

## Main Shareholders

Rank	Shareholder	Holdings	%-share
1	Nordic Aqua Partners Holding Aps	5,168,922	31.6%
2	Kontrari AS	4,826,125	29.5%
3	Israel Corporation Ltd	1,512,720	9.3%
4	Nordea Funds Ltd.	741,370	4.5%
5	J.P. Morgan SE	525,841	3.2%
6	The Bank of New York Mellon SA/NV	232,093	1.4%
7	Saxo Bank A/S	229,150	1.4%
8	Aino AS	162,643	1.0%
9	Maringto AS	137,146	0.8%
10	Danske Bank A/S	120,808	0.7%
11	Sonstad AS	120,452	0.7%
12	SN Samleren AS	108,917	0.7%
13	Sparebank 1 Markets AS	103,677	0.6%
14	South Winds AS	100,770	0.6%
15	Kewa Invest AS	100,000	0.6%
16	Bergen Kommunale Pensjonskasse	89,444	0.5%
17	Nordnet Livsforsikring AS	72,934	0.4%
18	Kiwano Invest AS	70,592	0.4%
19	Tamarillo Invest AS	70,592	0.4%
20	Babaco Invest AS	70,592	0.4%
<b>Sum 20 largest</b>		<b>13,989,864</b>	<b>85.6%</b>
Other 473 shareholders		2,344,225	14.4%
<b>Total</b>		<b>16,334,089</b>	<b>100.0%</b>

## Share Performance 2023



## Outlook

Operational performance is developing according to plan. Fish growth in all batches are developing well and mortality is low. The tank with the largest fish has reached average harvest weight of 5.3 kg LW in March and Nordic Aqua's first harvest will be in April 2024.

The production will gradually increase through May to reach full scale harvest in the second quarter of 2024, with a monthly harvest volume of approximately 350 tonnes HOG.

Harvest volumes for 2024 are expected to be 3,400 tonnes HOG with a full EBIT cost of 6.70 EUR/kg (HOG) topped up with 0.80 EUR/kg (HOG) in company expansion costs. In total 7.50 EUR/kg (HOG).

The biological performance for the fish is good, and based on ongoing sampling the taste, colour and texture of the Nordic Aqua Atlantic Salmon is excellent and meets the highest standards. Going forward, Nordic Aqua will have full focus on presenting this high-quality Chinese produced Atlantic Salmon to the exiting Chinese market. Nordic Aqua will launch its sales, marketing and branding strategy in line with first harvest, a strategy based on bringing super fresh Atlantic salmon, produced in a controlled environment without using any antibiotics or vaccines and with superior fish health to the premium market segments.

Nordic Aqua has started the buildout of Stage 2, which will double capacity to 8,000 tonnes HOG. The first inlay of Eggs for Stage 2 is expected to be in Q3 2024, with first harvest from Stage 2 in Q3 2026.

Preparations for the expansion to 20,000 tonnes HOG (Stage 3) with first harvest possibly by 2027 are well underway, and a final decision will be made during the second half of 2024. Also, for this stage, the government plans to take responsibility for the infrastructure and buildings.

The company is further in the process of evaluating sources of debt funding for strengthening the financing of Stage 2 and the initial preparations for Stage 3.

Future need for additional financing is dependent on how fast the Company progress with the development of Stage 3 and the Company's ability to generate operational cashflow.

On the 3<sup>rd</sup> of September 2024 Nordic Aqua invites investors, analysts and representatives from banks and media to a Capital Markets Day at Gaotang Island, Ningbo, China.

The new Corporate Sustainability Reporting Directive (CSRD) will soon come into effect for small and medium sized business, which will impact our approach to the management and reporting of environmental, social and governance (ESG) topics. We believe the work we must carry out to comply with this will better equip us to mitigate risks and capitalise on opportunities from the fast-changing external environment in which we are operating.

Expected harvest 2024

**3,400**  
tonnes HOG



# 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 Partners AS for the financial year 2023.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, which have been adopted by the EU and further requirements in the Norwegian Accounting Act (Regnskapsloven). The parent company financial statements have been prepared in accordance with the Norwegian Accounting 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 2023 and of the results of its operations and cash flow for the financial year 2023.

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.

Oslo, 17 April 2024

**Atle Eide**  
Chairman

**Therese Log Bergjord**  
Board member

**Aino Olaisen**  
Board member

**Vegard Gjerde**  
Board member

**Knut Nesse**  
Board member

**Ragnar Joensen**  
CEO

# Financial Statements



# Consolidated Statement of Comprehensive Income

(figures in EUR 1000)	Note	2023	2022
Revenue		0	0
Purchase of goods		-2,492	-342
Change in inventory and biological assets (at cost)		6,426	726
Other operating income	2	226	61
Other external expenses	2	-5,850	-1,878
Staff costs	3/4	-4,187	-2,266
Depreciations	8/9	-697	-70
<b>Operating EBIT*</b>		<b>-6,574</b>	<b>-3,769</b>
Fair Value of Biological Assets	10	1,895	0
<b>EBIT</b>		<b>-4,679</b>	<b>-3,769</b>
Financial income	5	334	259
Net currency gains/(losses)	5	-2,401	-1,295
Financial expenses	5	-1,483	-672
<b>Financial expense - net</b>		<b>-3,550</b>	<b>-1,707</b>
<b>Profit/loss before tax</b>		<b>-8,229</b>	<b>-5,476</b>
Taxes	6	0	0
<b>Profit/loss for the period</b>		<b>-8,229</b>	<b>-5,476</b>
*Operating EBIT = EBIT excl. fair value adjustments			
<b>Profit/loss for the period attributable to</b>			
Non-controlling interests		0	0
Owners of Nordic Aqua Partners AS		-8,229	-5,476
		<b>-8,229</b>	<b>-5,476</b>
<b>Earnings per share</b>			
	7		
Basic		-0.58	-0.53
Diluted		-0.55	-0.53

# Consolidated Statement of Other Comprehensive Income

(figures in EUR 1000)	2023	2022
<b>Other comprehensive income</b>		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):		
Currency differences on translation of foreign operations	-1,443	58
<b>Other comprehensive income</b>	<b>-1,443</b>	<b>58</b>
<b>Total comprehensive income for the period</b>	<b>-9,672</b>	<b>-5,418</b>
<b>Total comprehensive income attributable to</b>		
Non-controlling interests	0	0
Owners of Nordic Aqua Partners AS	-9,672	-5,418

# Consolidated Statements of Financial Position

(figures in EUR 1000)	Note	2023	2022
<b>Assets</b>			
Assets under construction	8	31,161	35,907
Property, plant & equipment	8	21,906	707
Right of use assets	9	9,287	0
Deposits	11	1,274	1,359
<b>Total non-current assets</b>		<b>63,628</b>	<b>37,973</b>
Biological assets (Biomass)	10	9,178	726
Inventory		457	0
Receivables	11	0	1
Other current receivables	11	5,082	558
Cash and cash equivalents	12	23,240	12,514
<b>Total current assets</b>		<b>37,957</b>	<b>13,800</b>
<b>Total assets</b>		<b>101,585</b>	<b>51,773</b>
<b>Equity and liabilities</b>			
Share capital	13	1,425	1,381
Other equity		71,924	46,867
<b>Total equity</b>		<b>73,350</b>	<b>48,248</b>
Long-term interest-bearing debt	15	15,016	0
Long-term leasing debt	9	9,495	0
<b>Total non-current liabilities</b>		<b>24,511</b>	<b>0</b>
Short-term leasing debt	9	206	0
Trade payables	14	2,394	3,296
Other current liabilities	14	1,124	229
<b>Total current liabilities</b>		<b>3,724</b>	<b>3,525</b>
<b>Total liabilities</b>		<b>28,235</b>	<b>3,525</b>
<b>Total equity and liabilities</b>		<b>101,585</b>	<b>51,773</b>

# Consolidated Statement of Cash Flow

(figures in EUR 1000)	Note	2023	2022
<b>Cash flow from operations</b>			
EBIT		-4,679	-3,769
<b>Adjustments for:</b>			
Depreciation	8/9	697	70
Fair value adjustments	10	-1,895	0
Net currency gains/(losses)		24	-1,295
Equity-settled share-based payment transactions	4	160	129
<b>Changes in working capital:</b>			
Change in other current receivables		-4,523	236
Change in trade payables		-902	2,394
Change in other current liabilities		895	-121
Change in inventory		-457	0
Change in biomass		-6,557	-726
<b>Net cash flow from operations</b>		<b>-17,236</b>	<b>-3,083</b>
<b>Cash flow from investment activities</b>			
Payments for fixed assets and other capitalizations	8	-19,490	-21,476
<b>Net cash flow from investment activities</b>		<b>-19,490</b>	<b>-21,476</b>
<b>Cash flow from financing activities</b>			
Change in interest-bearing debt (short and long)		15,016	0
Interest received	5	334	259
Interest paid	5	-1,483	-672
Lease payments		414	0
Proceeds from capital increase		35,456	0
Transaction cost of issue of shares		-842	0
<b>Net cash flow from financing activities</b>		<b>48,895</b>	<b>-412</b>
Net change in cash and cash equivalents		12,169	-24,972
Foreign exchange differences		-1,443	58
Cash and cash equivalents at the beginning of the period		12,514	37,428
<b>Cash and cash equivalents at the end of the period</b>		<b>23,240</b>	<b>12,514</b>

## Consolidated Statements of Changes in Equity

(figures in EUR 1000)	Share capital	Share premium reserve	Currency translation differences	Retained earnings	Share based payments	Total equity
Equity January 1 <sup>st</sup> 2023	1,381	59,319	1,903	-14,355	0	48,248
Correction of to prior years misstatement			-129	0	129	0
Net profit/(loss) for the period				-8,229		-8,229
Other comprehensive income			-1,443			-1,443
Share-based payments					160	160
<b>Total comprehensive income</b>	<b>1,381</b>	<b>59,319</b>	<b>331</b>	<b>-22,584</b>	<b>289</b>	<b>38,735</b>
Capital increase	745	34,711				35,456
Transaction costs	0	-842				-842
Effect from merger/capital decrease	-700	700				0
<b>Balance December 31<sup>st</sup> 2023</b>	<b>1,425</b>	<b>93,888</b>	<b>331</b>	<b>-22,584</b>	<b>289</b>	<b>73,350</b>

(figures in EUR 1000)	Share capital	Share premium reserve	Currency translation differences	Retained earnings	Share based payments	Total equity
Equity January 1 <sup>st</sup> 2022	1,381	59,319	1,845	-8,879	0	53,666
Net profit/(loss) for the period				-5,476		-5,476
Exchange adjustments						0
Other comprehensive income			58			58
<b>Balance December 31<sup>st</sup> 2022</b>	<b>1,381</b>	<b>59,319</b>	<b>1,903</b>	<b>-14,355</b>	<b>0</b>	<b>48,248</b>

# Notes

(Figures in parenthesis refer to the same period last year).

## 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 Norwegian Accounting Act.

The consolidated financial statements and separate financial statements are presented in thousand Euros (EUR 1000) which is the functional currency of Nordic Aqua Partners AS.

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.

### CHANGE OF FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

As a result of the merger between the Danish parent company and the Norwegian parent company completed in August 2023, the primary economic environment and generation and use of cash flows of the Group became mainly denominated in euro. Consequently, effective on August 17, 2023, Nordic Aqua Partners AS changed its functional currency from the Norwegian krone ("NOK") to the euro ("EUR"). The Group changed both its presentation currency of its consolidated financial statements from the Danish kroner ("DKK") to the euro ("EUR").

Nordic Aqua Partners AS is a holding company that does not undertake any material operating activities of its own. Therefore, the indicators in IAS 21.9 are not the most relevant factors in determining the functional currency of

the Company. In consideration of the indicators in IAS 21.10, the Company determined that the financing activities, the relatively large part of future investments in property, plant and equipment in EUR for the Chinese subsidiary and the currency in which cash and cash equivalents are retained, were relevant factors indicating that the NOK will not be the currency to reflect the principal economic environment in which the Company will generate and expend its cash. Accordingly, in accordance with IAS 21.36, the Company determined that the EUR is the new functional currency that will most faithfully reflect the underlying transactions, events and conditions relevant to the Company following the merger between the Danish parent company and the Norwegian parent company. Under IAS 21.35, when there is a change in an entity's functional currency, the entity should apply the translation procedures applicable to the new functional currency prospectively from the date of the change. The Company, based on its judgment and considering that the underlying transactions, events and conditions that justify the change in its functional currency have developed gradually, and those of greater relevance took place during 2023, it has decided due to practical expedient, to apply the translation procedures applicable to the new functional currency prospectively beginning on August 17, 2023. This change in functional currency was accounted for prospectively from the date of the change by translating all items of the financial statements into the new functional currency, using the exchange rate of 7.4520 DKK/EUR at the date of the change.

The change in the presentation of the Group accounted for as a change in accounting policy and applied retrospectively, as if the new presentation currency had always been the presentation currency of the consolidated financial statements. Consequently, comparative figures for years prior to the effective date of August 17, 2023 have been restated to the new presentation currency in accordance with IAS 21, The Effects of Changes in Foreign Exchange Rates. The consolidated statements of comprehensive income and the cash flows for the year ended December 31, 2022 has been restated to



the presentation currency using the average exchange rate. The consolidated statements of financial position as of December 31, 2022 has been translated into EUR using the closing exchange rate of 7.4365 DKK/EUR. Issued capital, retained earnings and other reserves within equity have been translated using the historical exchange rates. All of resulting exchange differences have been recognized in equity under the reserve for exchange differences in translation.

#### **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.

We review estimates regularly, and actual values and results may differ from the first estimates. We record changes to accounting estimates in the period of the changes. The notes describe the key account estimates and judgements that are most important for Nordic Aqua's Consolidated Financial Statements.

#### **Basis of consolidation**

The consolidated financial statement comprises the financial statements of Nordic Aqua Partners AS (the Parent) and subsidiaries which are entities controlled by Nordic Aqua Partners AS. 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. Further forecasts show only one expected business activity that may earn revenues which is the At-

lantic salmon farming of the subsidiary in China. Therefore, going forward the Group also expects to only have one segment and 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 and amended standards that are issued, but not yet effective, are:

- Amendments to IAS 1 Classification of Liabilities as Current or Non-current.
- Amendments to IAS 1 Non-current Liabilities with Covenants.
- Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements.
- Amendments to IFRS 16 Lease Liability in a Sale and Leaseback.

#### New standards

New standards implemented in 2023 have had no impact on the financial. They are Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements— Disclosure of Accounting Policies. The group has adopted the amendments to IAS 1 for the first time in the current year. The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immate-

rial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

#### 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 OTHER 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.

(figures in EUR 1000)	2023	2022
Other external expenses		
Operating expenses	1,496	842
Energy	1,488	84
Other costs	2,866	952
<b>Total other external expenses</b>	<b>5,850</b>	<b>1,878</b>

Nordic Aqua Group has not capitalised any R&D expenditures during 2023 or 2022. For more information see page 39.

**NOTE 3 STAFF COSTS**

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

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

(figures in EUR 1000)	2023	2022
Salary	3,454	1,719
Other employee benefits	349	342
Social security costs	223	74
Share based payments (Note 4)	160	131
<b>Total</b>	<b>4,187</b>	<b>2,266</b>
Weighted average number of full-time employees	55	39

(figures in EUR 1000)	2023	2022
Executive remuneration:		
Board of Directors	348	56

Other key management personnel:		
Ragnar Joensen, CEO*	300	0
Ole Juul Jørgensen, CEO**	12	12
Hjalti Hvitklett, CFO	179	166
Ove Nodland, CEO Nordic Aqua Ningbo	220	231
<b>Other key management personnel Total</b>	<b>710</b>	<b>409</b>

\*Entered the role as CEO on 8<sup>th</sup> of March 2023

\*\*Exited the role as CEO on 8<sup>th</sup> of March 2023

Share based payments to other key management personnel (figures in EUR 1000)	2023	2022
Ragnar Joensen, CEO*	35	0
Hjalti Hvitklett, CFO	34	28
Ove Nodland, CEO Nordic Aqua Ningbo	25	21
<b>Share based payments to other key management personnel total</b>	<b>94</b>	<b>49</b>

\*Entered the role as CEO on 8<sup>th</sup> of March 2023

Remuneration for the Board of Directors (figures in EUR 1000)	2023	2022
Aino Olaisen*	16	0
Therese Log Bergjord*	16	0
Atle Eide, Chairman**	237	0
Vegard Gjerde***	29	0
Tore Hopen****/*****	13	0
Knut Nesse	16	12
Knut Langeteig*****	0	12
Jan Petersen*****	0	12
Ragnar Joensen, Chairman*****	20	20
<b>Board of Directors total</b>	<b>348</b>	<b>56</b>

\* Entered the role as Board member on 8<sup>th</sup> of March 2023

\*\* Entered the role as Executive Chairman of the Board on 8<sup>th</sup> of March 2023. Atle Eide is also assisting the management on matters related to strategy, market, sales, financing and organisational development, for this, he received EUR 204 thousand in 2023 (2022: EUR 0 thousand).

\*\*\* Entered the role as Board member on 1<sup>st</sup> of June 2022

\*\*\*\* Exited the role as Board member on 8<sup>th</sup> of March 2023

\*\*\*\*\* Exited the role as Board member on 1<sup>st</sup> of June 2022

\*\*\*\*\* Exited the role as Chairman of the Board on 8<sup>th</sup> of March 2023

Share based payments to Board of directors (figures in EUR 1000)	2023	2022
Ragnar Joensen, Chairman*	7	35
<b>Share based payments to Board of Directors</b>	<b>7</b>	<b>35</b>

\*Exited the role as Chairman of the Board on 8<sup>th</sup> of March 2023

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

**NOTE 4 SHARE BASED PAYMENTS AND WARRANTS**

Share-based payments Nordic Aqua Partners AS 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 AS 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 programs comprises a total of 603,490 warrants at 31 December 2023 (2022: 488,490 warrants). Each warrant gives the holder right to buy one ordinary share of nominally 1 NOK in Nordic Aqua Partners AS. The outstanding warrants amount to 3.7% 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 2023 the recognized expense related to share-based payments amount to EUR 160 thousand (2022: EUR 129 thousand).

For the warrants granted in 2023 a share market price of EUR 5.83 has been used. The fair value of warrants granted in 2023 is EUR 0.73. The value was calculated using the Black-Scholes option valuation model. The vesting period for the warrants granted in 2023 is 2 years and Warrants granted may be exercised in whole or in part during a 3 months' period beginning 24 months after the grant of the relevant Warrants to a Warrant Holder (the "Exercise Period"), however no later than 7 November 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 the warrants granted in 2022 a share market price of EUR 5.99 has been used. The fair value of warrants granted in 2022 is EUR 1.05. 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. War-

rants 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.

**Key information**

Year of Grant	Original grant Number	Outstanding Number	Exercise price, NOK	Expected volatility	Risk- free interest rate	Expected dividend	Fair value per warrant	Vesting period	Expiring date
2023	115,000	115,000	81	29%	2.52%	0	0.80 EUR	2 years	Q1 2026
2022	488,490	488,490	81	39%	0.72%	0	1.05 EUR	3 years	Q2 2025

The warrants are classified as an equity instrument.

**Number of Warrants**

	Board of Directors & Executive Management Number	Other employees Number	Shareholders Number	Resigned board members and employees Number	Total Number	Average exercise price NOK
<b>2023</b>						
Outstanding at January 1 <sup>st</sup>		308,520	179,970	0	488,490	81
Granted during the year		115,000	0	0	115,000	81
Exercised during the year		0	0	0	0	0
Forfeited during the year		0	0	0	0	0
<b>Outstanding at December 31<sup>st</sup></b>		<b>308,520</b>	<b>179,970</b>	<b>0</b>	<b>603,490</b>	<b>81</b>

	Board of Directors & Executive Management Number	Other employees Number	Shareholders Number	Resigned board members and employees Number	Total Number	Average exercise price NOK
<b>2022</b>						
Outstanding at January 1 <sup>st</sup>		0	0	0	0	0
Granted during the year		308,520	179,970	0	488,490	81
Exercised during the year		0	0	0	0	0
Forfeited during the year		0	0	0	0	0
<b>Outstanding at December 31<sup>st</sup></b>		<b>308,520</b>	<b>179,970</b>	<b>0</b>	<b>488,490</b>	<b>81</b>

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

Number of warrants	2023			2022		
	January 1 <sup>st</sup>	Change during the year	December 31 <sup>st</sup>	January 1 <sup>st</sup>	Change during the year	December 31 <sup>st</sup>
<b>Warrants</b>						
Atle Eide	0	115,000	115,000	0	0	0
Ragnar Joensen	128,550	0	128,550	0	128,550	128,550
Hjalti Hvitklett	102,840	0	102,840	0	102,840	102,840
Ove Nodland	77,130	0	77,130	0	77,130	77,130

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

## NOTE 5 FINANCIAL INCOME, NET CURRENCY GAINS/(LOSSES) AND FINANCIAL EXPENSES

### Accounting policies

Financial income and expenses include interest income and expenses and exchanges 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

(figures in EUR 1000)	2023	2022
Interest income	334	259
Exchange rate adjustment	0	0
<b>Total</b>	<b>334</b>	<b>259</b>

### Net currency gains/(losses)

(figures in EUR 1000)	2023	2022
Other currency gains/(losses)	-2,401	-1,295
<b>Total</b>	<b>-2,401</b>	<b>-1,295</b>

### Financial expenses

(figures in EUR 1000)	2023	2022
Bank charges	-10	-3
Interest bank deposits	0	-9
Costs for loan facility	-1,214	-659
Interest expenses on IFRS 16 (leases)	-258	0
<b>Total</b>	<b>-1,483</b>	<b>-672</b>

## NOTE 6 TAXES

The Group has not recognised tax losses carried forward as deferred tax assets due to the uncertainty to the amount of deferred tax assets and when the Group will be profitable. Losses are recognized when the Group is more certain on the amount of deferred tax assets and when the Group will be profitable.

### Accounting policies

The accounting of deferred taxes reflects tax rates and tax laws that have been enacted or substantively enacted by the date of the statement of financial position. The recognition of a deferred tax asset is based on expectations of profitability in the future. Deferred taxes will be calculated using the nominal tax rate according to IAS 12. Deferred tax assets, including tax loss carry forwards, are assessed once a year. Losses are recognized if it is likely that they will be utilized in the foreseeable future and can be measured reliable.

(figures in EUR 1000)	2023	2022
<b>Temporary differences</b>		
-Losses carried forward	11,019	8,095
Effective tax rate	0.0%	0.0%
<b>Nominal corporate tax rates for countries in the Group</b>		
Norway	22.0%	22.0%
Denmark	22.0%	22.0%
China	25.0%	25.0%
-Aquaculture	12.5%	12.5%
-Primary processing	0.0%	0.0%
Withholding taxes on dividends from China to Norway	10.0%	10.0%

## NOTE 7 EARNINGS PER SHARE

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

(figures in EUR 1000)	2023	2022
Profit/(loss) for the period to the shareholders	-8,229	-5,476
Ordinary number of shares as at 01.01.	10,283,984	10,283,984
Emission - increase number of shares	6,050,105	0
<b>Ordinary number of shares as at 31.12.</b>	<b>16,334,089</b>	<b>10,283,984</b>
Weighted average number of common shares	14,224,073	10,283,984
Number of additional shares that could be repurchased	617,536	0
<b>Adjusted weighted average number of common shares (Note 4)</b>	<b>14,841,609</b>	<b>10,283,984</b>
<b>Earnings per share</b>	<b>2023</b>	<b>2022</b>
Basic (EUR)	-0.58	-0.53
Diluted (EUR)	-0.55	-0.53

## NOTE 8 PROPERTY, PLANT AND EQUIPMENT AND ASSETS UNDER CONSTRUCTION

### 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 re-assessment 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.

The Group is good at assessing the factors that affect the Property, plant and equipment, but they are still uncertain. The key estimates are: potential impairment, when to transfer from CIP to PPE, years of expected useful live and scrap-value. The key judgement is whether the cost relates to an acquisition or maintenance.

### 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.

(figures in EUR 1000)	Other plant, fixtures and operating equipment	Construction in progress	Total
Cost at 1 January 2023	802	35,907	36,708
Exchange rate adjustment	-204	-2,253	-2,457
Reclassification	21,815	-21,815	0
Additions	98	19,322	19,420
<b>Cost at 31 December 2023</b>	<b>22,511</b>	<b>31,161</b>	<b>53,671</b>
Depreciation and impairment at 1 January 2023	-94	0	-94
Exchange rate adjustments	32	0	32
Depreciation For the year	-542	0	-542
<b>Depreciation and impairment at 31 Desember 2023</b>	<b>-604</b>	<b>0</b>	<b>-604</b>
<b>Carrying amount 31 December 2023</b>	<b>21,906</b>	<b>31,161</b>	<b>53,067</b>
<b>Cost at 1 January 2022</b>	<b>199</b>	<b>15,003</b>	<b>15,202</b>
Additions	603	20,904	21,506
<b>Cost at 31 December 2022</b>	<b>802</b>	<b>35,907</b>	<b>36,708</b>
Depreciation and impairment at 1 January 2022	-24	0	-24
Depreciation For the year	-70	0	-70
<b>Depreciation and impairment at 31 December 2022</b>	<b>-94</b>	<b>0</b>	<b>-94</b>
<b>Carrying amount 31 December 2022</b>	<b>707</b>	<b>35,907</b>	<b>36,614</b>

## NOTE 9 RIGHT-OF-USE ASSETS AND LEASING DEBT

### 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 are 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 EUR 2.0 million 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 started on January 1<sup>st</sup> 2024. Due to the potential adjustment to an unknown fair market price in 10 years, the company estimates the same annual lease from year 11 to year 20 as at the commencement date.

The Group is good at assessing the factors that affect the Right of use Assets and Lease liability, but they are still uncertain. The key estimate is the future rental fee.

### Right-of-use assets

(figures in EUR 1000)	Land and buildings	Total
As at 1 January 2023	0	0
Additions	9,443	9,443
<b>As at 31 December 2023</b>	<b>9,443</b>	<b>9,443</b>
Depreciation at 1 January 2023	0	0
Depreciation For the year	-155	-155
<b>Depreciation at 31 Desember 2023</b>	<b>-155</b>	<b>-155</b>
<b>Carrying amount 31 December 2023</b>	<b>9,287</b>	<b>9,287</b>
<b>As at 1 January 2022</b>	<b>0</b>	<b>0</b>
Additions	0	0
<b>As at 31 December 2022</b>	<b>0</b>	<b>0</b>
<b>Depreciation at 1 January 2022</b>	<b>0</b>	<b>0</b>
Depreciation For the year	0	0
<b>Depreciation at 31 December 2022</b>	<b>0</b>	<b>0</b>
<b>Carrying amount 31 December 2022</b>	<b>0</b>	<b>0</b>



**Lease liabilities**

(figures in EUR 1000)	2023	2022
As at 01.01.	0	0
Additions	9,443	0
Accretion of interest	258	0
Payments	0	0
<b>As at 31.12.</b>	<b>9,701</b>	<b>0</b>
Current lease liabilities	206	0
<b>Non-Current lease liabilities</b>	<b>9,495</b>	<b>0</b>

(figures in EUR 1000)	Interest rate, %	Maturity	2023	2022
Current lease liabilities	8.5-8.7	2024	206	0
Non-Current lease liabilities	8.5-8.7	2025-2043	9,495	0
<b>Total Lease liabilities</b>			<b>9,701</b>	<b>0</b>

The table below summarises the maturity profile of the Group's lease liabilities based on contractual undiscounted payments:

(figures in EUR 1000)	2023	2022
On demand	0	0
Less than 3 months	50	0
3 to 12 months	156	0
1 to 5 years	1,015	0
> 5 years	8,480	0
<b>Total</b>	<b>9,701</b>	<b>0</b>

**NOTE 10 BIOLOGICAL ASSETS (BIOMASS)**

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, below 1 kg. The second is post smolt to market size, above 1 kg. For practical reasons, cash flows and estimates are carried out per RAS unit.

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. No optimal harvest weight is set, but rather an estimated growth rate from 31<sup>st</sup> December 2023 to harvest according to the optimal harvest plan. The estimated harvest weight is 5.3 kg LW.

The valuations are based on an income approach and calculates the net present value of expected cash flow from biological assets based on price, volume, cost to completion at batch level and a discount rate. For practical reasons, cash flows and estimates are carried out per RAS unit.

The estimated market prices are the prices we anticipate receiving at the different future dates that the live fish is harvested. Because we have no previous prices from our own sales and have no contracts in place, we use Fish Pool for the forward price, which we consider an objective price. The use of

external forward prices is considered to enhance the credibility and comparability of the price estimation. The estimated price takes into account an expected quality grading and is lowered for harvesting costs and local transport to market.

The estimated volume for harvest is based on the actual number of fish in the facility on the balance sheet date, minus estimated future mortality from balance sheet date and multiplied by the estimated harvest weight per fish given an estimated growth rate. Future mortality is estimated to be 0.25% of the number of incoming fish per month. In the possible event of a higher-than-normal mortality, the company will carry out a detailed assessment of the event. If the mortality is considered abnormal (outbreak of disease, power cut, lack of oxygen, etc.) and higher-than-normal, then costs related to the volume will be recognized to the Income Statement.

Estimated future costs primarily consists of feed, power, salaries and depreciations.

The discount rate reflects the cost of capital, a synthetic license rent and a risk adjustment for the volatility in price, volume and cost. On December 31<sup>st</sup> 2023 the monthly discount rate is 4.1% (2022: No fair value on biological assets).

The Group is good at assessing the factors that affect the fair value of biomass, but they are still uncertain. The key estimates for valuation are: average price, monthly discount rate and estimated biomass volume. The table below shows how the fair value of the biological assets would change if these estimates change.

(figures in EUR 1000)	2023	2022
Biological assets carrying amount at 01.01.	726	0
Increase due to production or purchase	6,426	726
Fair value adjustments at the end of the period	1,895	0
Currency translation differences	131	0
<b>Biological assets carrying amount at 31.12.</b>	<b>9,178</b>	<b>726</b>
<b>Number of fish (thousand)</b>	<b>2023</b>	<b>2022</b>
Fish measured at cost, <1 kg	1,222	624
Fish measured at fair value, >1 kg	480	0
<b>Total number of fish (thousand)</b>	<b>1,702</b>	<b>624</b>
<b>Volume of biomass (tonnes)</b>	<b>2023</b>	<b>2022</b>
Fish measured at cost, <1 kg	188	27
Fish measured at fair value, >1 kg	891	0
<b>Total volume of biomass (tonnes)</b>	<b>1,079</b>	<b>27</b>
<b>Sensitivity effect on fair value</b> (figures in EUR 1000)	<b>2023</b>	<b>2022</b>
Price increase of EUR 0.5	745	0
Volume of biomass increase of 1%	128	0
Discount rate increase of 1%	-754	0
Discount rate decrease of 1%	831	0

**NOTE 11 DEPOSITS, RECEIVABLES AND OTHER CURRENT RECEIVABLES****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 Xiangshan Strait Economic & Technological Cooperation Co., Ltd. for customized plant construction and amounts to kCNY 10,000. 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.

(figures in EUR 1000)	<b>Deposits</b>
Cost at 1 January 2023	1,359
Exchange rate adjustments	-85
<b>Total 31 December 2023</b>	<b>1,274</b>

(figures in EUR 1000)	<b>Deposits</b>
Cost at 1 January 2022	1,390
Exchange rate adjustments	-31
<b>Total 31 December 2022</b>	<b>1,359</b>

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

(figures in EUR 1000)	<b>2023</b>	<b>2022</b>
Receivables	0	1
<b>Total receivables</b>	<b>0</b>	<b>1</b>

(figures in EUR 1000)	<b>2023</b>	<b>2022</b>
VAT	1,334	467
Other	3,748	91
<b>Total other current receivables</b>	<b>5,082</b>	<b>558</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.

**NOTE 12 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. Cash and cash equivalents only consist of short-term bank deposits of EUR 23.2 million at year-end 2023, compared to EUR 12.5 million at year-end 2022. EUR 0.8 million at year-end 2023 (EUR 0.0 million at year-end 2022) were not available. The amount is placed on a debt retention account according to the loan agreement with Eksfin – Export Finance Norway, and Coöperative Rabobank U.A. (“Rabobank”).

**NOTE 13 SHARE CAPITAL AND MAJOR SHARHOLDERS**

The share capital comprises 16,334,089 shares of NOK 1 each (2022: 10,283,984 shares of DKK 1 each). 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”.

(figures in EUR 1000)	<b>2023</b>	<b>2022</b>
Share capital at 01.01.	1,381	1,381
Capital increase	745	0
Effect from merger/capital decrease	-700	0
<b>Share capital at 31.12.</b>	<b>1,425</b>	<b>1,381</b>

There is no dividend proposed for 2023 (2022: Nil).

## SHAREHOLDERS

These shareholders held directly more than 5% of the shares in the company as at 31 December 2023: Nordic Aqua Partners Holding ApS, Kontrari AS and Israel Corporation Ltd. These shareholders through Nordic Aqua Partners Holding ApS held indirectly more than 5% of the shares in the company as at 31 December 2023: Nutreco International B.V.

## NOTE 14 TRADE PAYABLES 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.

(figures in EUR 1000)	2023	2022
Trade payables	1,013	3,296
Provision	1,381	0
Interest payable	645	0
Other payables	479	229
<b>Total trade payables and other payables</b>	<b>3,518</b>	<b>3,525</b>

## NOTE 15 INTEREST-BEARING DEBT

### 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 – Export Finance Norway, and Coöperative Rabobank U.A. (“Rabobank”) for a senior secured export credit term loan and guarantee facility agreement, amounting to EUR 25 million. Loan amount will be split in 3 drawings based on progress on Capex. The Facility shall be repaid in equal, consecutive quarterly instalments starting of finishing date of the Project and the facility matures 10 years after the first drawdown date. First drawdown on EUR 15 million took place in April 2023. The rest of the loan amount is planned to be drawn in 2024. There are two Financial Covenants: 1) Debt Service Cover Ratio shall from end of 2024 and thereafter be greater than 1.2x and 2) Leverage Ratio shall from end of the third quarter 2024 till June 2025 be lower than 3.0x, from end of the third quarter 2025 till June 2026 be lower than 2.0x, and from end of the third quarter 2026 and thereafter lower than 1.

Nordic Aqua has an agreement with Bank of Ningbo, Xiangshan Branch, to provide a conditional VAT and Duty facility of CNY 35 million (EUR 4.5 million).

While the Company has previously reported having an agreement with Bank of Ningbo, Xiangshan Branch, to provide a conditional credit facility of RMB 35 million to be used for working capital, such credit facility is only available for VAT financing. The Company is, however, in process of securing such facility for general working capital purposes in the same amount and has signed a letter of intent with Bank of Ningbo for the provision of such facility.

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

(figures in EUR 1000)	2023	2022
Credit facility	29,458	30,003
Undrawn credit facility	-14,442	-30,003
<b>Total financial liabilities</b>	<b>15,016</b>	<b>0</b>
Included in the balance sheet:		
Non-current liabilities	15,016	0
Current liabilities	0	0
<b>Total bank loans</b>	<b>15,016</b>	<b>0</b>

**NOTE 16 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 2023, 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 Eksportkreditt Norge AS ("Eksportkreditt"), Garantiinstituttet for Eksportkreditt ("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 15.

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

**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 mEUR 23.2 (mEUR 12.5), an undrawn bank loan facility of mEUR 10.0 (mEUR 25.0), and an undrawn credit facility of mEUR 4.5 as of 31<sup>st</sup> December 2023. 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:

(figures in EUR 1000)	Less than 1 year	Between 1-5 years	More than 5 years	Total
<b>31 December 2023</b>				
Long-term interest-bearing debt	0	6,487	8,529	15,016
Long-term leasing debt	0	1,015	8,480	9,495
Short-term leasing debt	206	0	0	206
Trade Payables	2,394	0	0	2,394
Other Payables	1,124	0	0	1,124
<b>Total</b>	<b>3,724</b>	<b>7,502</b>	<b>17,009</b>	<b>28,235</b>
<b>31 December 2022</b>				
Trade Payables	3,296	0	0	3,296
Other Payables	229	0	0	229
<b>Total</b>	<b>3,525</b>	<b>0</b>	<b>0</b>	<b>3,525</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, NOK and CNY.

Cash and loan facility is primarily held in EUR to match the coming Capex-payments also in EUR.

The sensitivity analysis for foreign currency risk:

(figures in EUR 1000)	Change in CNY rate	Effect on profit before tax
2023	+5%	-150
	-5%	150
2022	+5%	-145
	-5%	145

**Interest rate risk**

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

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

**Categories and fair value of financial instruments**

Biological assets have been measured at a fair value using a valuation model where the lowest level input that is significant to the fair value measurement is unobservable (level 3 within the valuation hierarchy). Biological assets were measured at a fair value for the first time in 2023. Please see note 10 for more information.

(figures in EUR 1000)	Cost amount	Fair value	Level 1	Level 2	Level 3
Biological assets (Biomass), 31 December 2023	7,283	9,178	0	0	9,178
Biological assets (Biomass), 31 December 2022	0	0	0	0	0

**Climate risk**

We have not yet conducted a full climate risk assessment, covering both our physical and transitional risks, but plan to do so in 2024. Key climate risks identified can be found on page 30.

**NOTE 17 AUDIT FEES**

Fees to auditors appointed at the Annual General Meetings:

(figures in EUR 1000)	2023	2022
Statutory audit	130	20
Tax advisory services	7	35
Other services	68	11
<b>Total audit fees</b>	<b>204</b>	<b>67</b>

**NOTE 18 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**

Assets in property, plant and equipment and biological assets (biomass) will be pledged as security for bank loan facility.

As of December 31<sup>st</sup> 2023, assets in property, plant and equipment and biological assets (biomass) have been pledged for a total amount of EUR 39.9 million (EUR 0.0 million). 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 facili-

ties on a 10 + 10 years' lease, with a contracted option for the Group to purchase land, infrastructure, utilities and all facilities during the lease term. The annual lease amounts to EUR 2.0 million for Stage 1.

**NOTE 19 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 CEO has significant influence has received advising fee for assistance to the Company EUR 87 thousand in 2023 (EUR 176 thousand).

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.

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

- Feed sales and delivery agreement and Trial and data access agreement with Skretting, a company where Therese Log Bergjord – a member of the board of directors of the Company – is the CEO.
- 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 Group and Skretting have been entered into at arm's length and at market terms. Nutreco, the parent company of Skretting and AKVA Group are an indirect shareholder of the Company through Nordic Aqua Partners Holding ApS.

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

#### NOTE 20 EVENTS AFTER THE BALANCE SHEET DATE

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

#### NOTE 21 SUBSIDIARIES

Subsidiary Company	Currency	Nature of Business	Head Office	Ownership	Nominal share capital
Nordic Aqua (Ningbo) Co., Ltd.	CNY	Salmon farming	Ningbo, China	100%	<b>352,469,058 CNY</b>

#### NOTE 22 ALTERNATIVE PERFORMANCE MEASURES (APM'S)

The Groups financial information is prepared in accordance with international financial reporting standards (IFRS). To enhance the understanding of the company's financial performance, the management's intention is to provide alternative performance measures, which are regularly reviewed by the management. These alternative performance measures are not replacing the financial statements prepared in accordance with IFRS. Other companies may determine or calculate the presented alternative performance measures differently. The APM's are adjusted IFRS measures defined, calculated and used in a consistent and transparent manner over time and across the company where relevant.

##### Operating EBIT

Operating EBIT is EBIT aligned for fair value adjustments. Operating EBIT is a common alternative performance measure in the salmon farming industry, and it is Nordic Aqua's experience that this APM is frequently used by analysts, investors and other parties. A reconciliation from EBIT to Operating EBIT is provided below.

(figures in EUR 1000)	<b>2023</b>	<b>2022</b>
EBIT	-4,679	-3,769
Fair Value of Biological Assets	-1,895	0
<b>Operating EBIT</b>	<b>-6,574</b>	<b>-3,769</b>

# Financial Statements Parent Company





# Income Statement

(figures in EUR 1000)	Note	2023	2022
Revenue		643	0
Other external expenses		-1,805	-655
Staff costs	3	-1,316	-538
<b>EBIT</b>		<b>-2,478</b>	<b>-1,193</b>
Financial income		737	463
Net currency gains/(losses)		-201	0
Financial expenses		-6	-10
<b>Financial expense - net</b>		<b>530</b>	<b>453</b>
<b>Profit/loss before tax</b>		<b>-1,949</b>	<b>-740</b>
Taxes	4	0	0
<b>Profit/loss for the period</b>		<b>-1,949</b>	<b>-740</b>
<b>Proposed distribution of profit and loss</b>			
Retained earning		-1,949	-740
Proposed distribution of profit and loss		-1,949	-740

# Balance Sheet

(figures in EUR 1000)	Note	2023	2022
<b>Assets</b>			
Investments in group enterprises	1	45,000	30,018
Receivables from group enterprises		25,578	25,116
<b>Total other financial assets</b>		<b>70,578</b>	<b>55,134</b>
<b>Total fixed assets</b>		<b>70,578</b>	<b>55,134</b>
Receivables from group enterprises		3,054	4,085
Other receivables		9,249	112
Cash		6,625	1,698
<b>Total current assets</b>		<b>18,927</b>	<b>5,895</b>
<b>Total assets</b>		<b>89,505</b>	<b>61,029</b>
<b>Equity and liabilities</b>			
Contributed capital		1,426	1,381
Retained earnings		87,547	54,922
<b>Total equity</b>		<b>88,973</b>	<b>56,303</b>
Trade payables		282	224
Payables to group enterprises		0	4,500
Other payables		250	2
<b>Total current liabilities</b>		<b>532</b>	<b>4,726</b>
<b>Total liabilities</b>		<b>532</b>	<b>4,726</b>
<b>Total equity and liabilities</b>		<b>89,505</b>	<b>61,029</b>

# Statement of Cash Flow

(figures in EUR 1000)	Note	2023	2022
<b>Cash flow from operations</b>			
EBIT		-2,478	-1,193
<b>Adjustments for:</b>			
Net currency gains/ (losses)		-201	0
Equity-settled share-based payment transactions		160	129
<b>Changes in working capital:</b>			
Change in receivables from Group enterprises	2	1,031	-506
Change in other current receivables	2	-9,137	45
Change in payables to Group enterprises	2	-4,500	0
Change in trade payables and in other current liabilities	2	306	114
<b>Net cash flow from operations</b>		<b>-14,820</b>	<b>-1,411</b>
<b>Cash flow from investment activities</b>			
Share capital to Group enterprises	1	-14,982	-501
<b>Net cash flow from investment activities</b>		<b>-14,982</b>	<b>-501</b>
<b>Cash flow from financing activities</b>			
Interest received		737	463
Interest paid		-6	-10
Financing of Group enterprises		-462	-55
Proceeds from capital increase		35,302	0
Transaction cost of issue of shares		-842	0
<b>Net cash flow from financing activities</b>		<b>34,729</b>	<b>398</b>
Net change in cash and cash equivalents		4,927	-1,514
Cash and cash equivalents at the beginning of the period		1,698	3,212
<b>Cash and cash equivalents at the end of the period</b>		<b>6,625</b>	<b>1,698</b>

# Statement of Changes in Equity

(figures in EUR 1000)	Share capital	Share premium reserve	Retained earnings	Share-based payments	Total equity
Equity January 1 <sup>st</sup> 2023	1,381	59,319	-4,526	129	56,303
Net profit/(loss) for the period			-1,949		-1,949
Effect from change in functional currency			-155		-155
Share-based payments			0	160	160
<b>Total comprehensive income</b>	<b>1,381</b>	<b>59,319</b>	<b>-6,630</b>	<b>289</b>	<b>54,359</b>
Capital increase	745	34,711			35,456
Transaction costs	0	-842			-842
Effect from merger/capital decrease	-700	700			0
<b>Balance December 31<sup>st</sup> 2023</b>	<b>1,426</b>	<b>93,888</b>	<b>-6,630</b>	<b>289</b>	<b>88,973</b>

(figures in EUR 1000)	Share capital	Share premium reserve	Retained earnings	Share-based payments	Total equity
Equity January 1 <sup>st</sup> 2022	1,381	59,319	-3,828	0	56,872
Net profit/(loss) for the period			-740		-740
Effect from change in functional currency			42		42
Share-based payments			0	129	129
<b>Total comprehensive income</b>	<b>1,381</b>	<b>59,319</b>	<b>-4,526</b>	<b>129</b>	<b>56,303</b>
<b>Balance December 31<sup>st</sup> 2022</b>	<b>1,381</b>	<b>59,319</b>	<b>-4,526</b>	<b>129</b>	<b>56,303</b>

# Notes

## NOTE 1 FIXED ASSETS INVESTMENTS

(figures in EUR 1000)	Investments in group enterprises
Cost at 1 January 2023	30,018
Additions	14,982
<b>Cost at 31 December 2023</b>	<b>45,000</b>
<b>Carrying amount at 31 December 2023</b>	<b>45,000</b>

(figures in EUR 1000)	Investments in group enterprises
Cost at 1 January 2022	25,018
Additions	5,000
<b>Cost at 31 December 2022</b>	<b>30,018</b>
<b>Carrying amount at 31 December 2022</b>	<b>30,018</b>

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

## NOTE 2 WORKING CAPITAL

(figures in EUR 1000)	2023	2022
Change in receivables from group enterprises	1,031	-506
Change in other receivables	-9,137	45
Change in payables from group enterprises	-4,500	0
Change in trade payables and other payables	306	114
<b>Total change in working capital</b>	<b>-12,301</b>	<b>-347</b>

## NOTE 3 STAFF COSTS

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

(figures in EUR 1000)	2023	2022
Salary	1,102	408
Other employee benefits	53	0
Social security costs	1	2
Share based payments	160	129
<b>Total</b>	<b>1,316</b>	<b>538</b>
Weighted average number of full-time employees	3	2

For details of remuneration paid to board members and other key management personnel, see notes to the consolidated financial statements.

## NOTE 4 TAXES

(figures in EUR 1000)	2023	2022
<b>Temporary differences</b>		
-Losses carried forward	3,824	2,185
Effective tax rate	0%	0%
<b>Nominal tax rate for parent company</b>		
Norway	22.0%	22.0%
Denmark	22.0%	22.0%

## CHANGE OF FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

As a result of the merger between the Danish parent company and the Norwegian parent company completed in August 2023, the primary economic environment and generation and use of cash flows of Nordic Aqua Partners AS became mainly denominated in euro. Consequently, effective on August 17, 2023, Nordic Aqua Partners AS changed its functional currency from the Norwegian krone (“NOK”) to the euro (“EUR”).

Nordic Aqua Partners AS is a holding company that does not undertake any material operating activities of its own. Therefore, the indicators in IAS 21.9 are not the most relevant factors in determining the functional currency of the Company. In consideration of the indicators in IAS 21.10, the Company determined that the financing activities, the relatively large part of future investments in property, plant and equipment in EUR for the Chinese subsidiary and the currency in which cash and cash equivalents are retained, were relevant factors indicating that the NOK will not be the currency to reflect the principal economic environment in which the Company will generate and expend its cash. Accordingly, in accordance with IAS 21.36, the Company determined that the EUR is the new functional currency that will most faithfully reflect the underlying transactions, events and conditions relevant to the Company following the merger between the Danish parent company and the Norwegian parent company. Under IAS 21.35, when there is a change in an entity’s functional currency, the entity should apply the translation procedures applicable to the new functional currency prospectively from the date of the change. The Company, based on its judgment and considering that the underlying transactions, events and conditions that justify the change in its functional currency have developed gradually, and those of greater relevance took place during 2023, it has decided due to practical expedient, to apply the translation procedures applicable to the new functional currency prospectively beginning on August 17, 2023. This change in functional cur-

rency was accounted for prospectively from the date of the change by translating all items of the financial statements into the new functional currency, using the exchange rate of 7.4520 DKK/EUR at the date of the change.

## ACCOUNTING POLICIES

### Reporting class

This annual report has been presented in accordance with the provisions of the Norwegian Accounting Act.

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.

## 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 Partners AS  
C. J. Hambros Plass 2c  
0164 Oslo  
Norway

Business Registration No.:  
928 958 280

Registered office:  
Oslo

Date of incorporation:  
09.03.2022

Financial year:  
01.01.2023 - 31.12.2023

## Board of Directors

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

## Executive Board

Ragnar Joensen, CEO

## Auditors

Deloitte AS  
State Authorised  
Public Accountants  
Dronning Eufemias gate 14  
0191 Oslo  
Norway





# Independent Auditor's Report

To the General Meeting of Nordic Aqua Partners AS

## INDEPENDENT AUDITOR'S REPORT

### Opinion

We have audited the financial statements of Nordic Aqua Partners AS, which comprise:

- The financial statements of the parent company Nordic Aqua Partners AS (the Company), which comprise the balance sheet as at 31 December 2023, the income statement, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.
- The consolidated financial statements of Nordic Aqua Partners AS and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2023, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

### In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)

(IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements other-

wise appear to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

**Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report**

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation of the consolidated financial statements of the Group that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU. Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We 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 Company's and the Group'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, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group'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 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 Company and the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves 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 the Board of Directors 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.

Stavanger, 17 April 2024

Deloitte AS

Bjarte M. Jonassen

State Authorised Public Accountant

