

An underwater photograph showing a school of fish swimming in clear blue water. In the foreground, the leg and foot of a diver wearing a scuba boot are visible, partially obscuring the view of the fish.

Q3 2024

Interim financial report

For the period ended September 2024



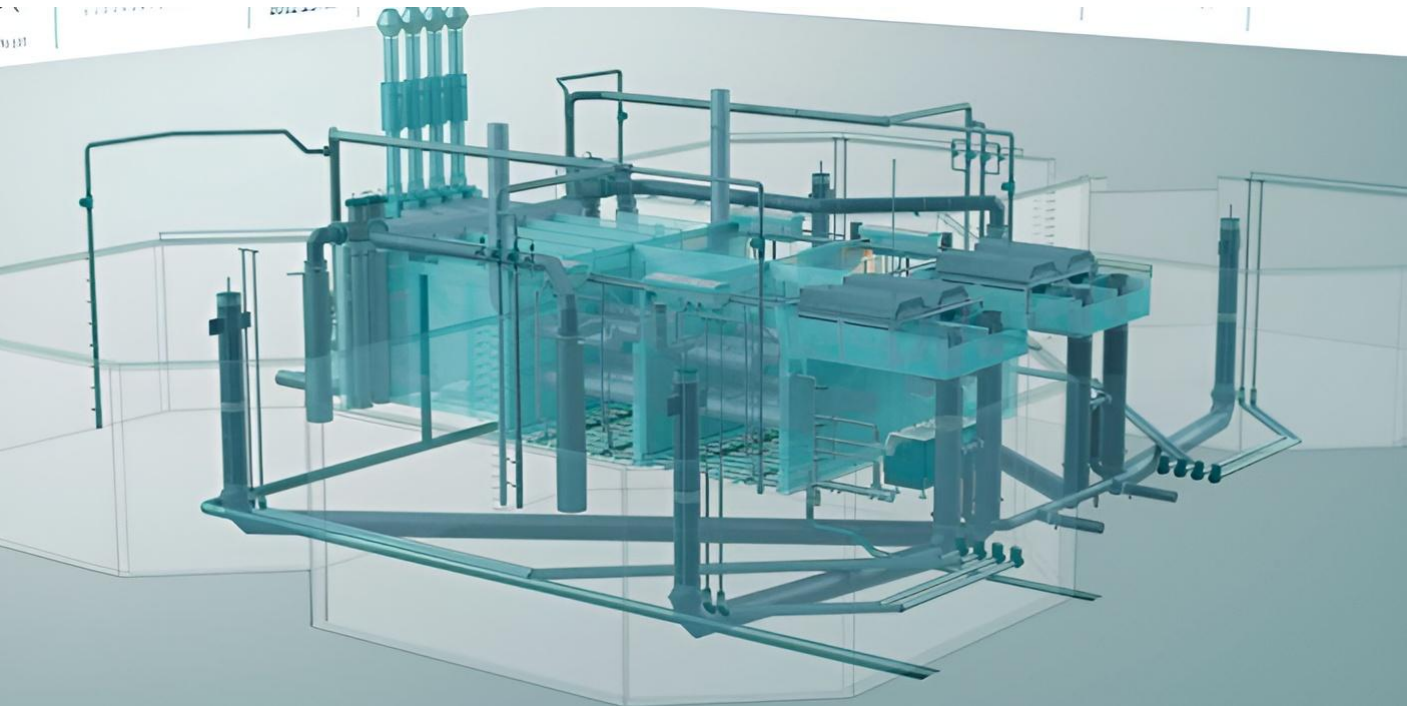
Nofitech

Table of contents

About the Group

Quarterly highlights

Interim consolidated financial accounts



About the Group

Nofitech was established in 2011 by founders with long operating experience from Norwegian smolt production and more than 10 years of experience in designing RAS (Recirculating Aquaculture Systems), with an ambition to develop the market's most cost-effective and compact RAS solution for the entire salmon production cycle.

Nofitech's primary offering is the patented ModulRAS through system or turn-key deliveries, with affiliated equipment and automation solutions. The ModulRAS is a compact and standardised solution for RAS which enables a rapid construction phase, market leading cost effectiveness, and a reliable operating performance.

The group is targeting the attractive smolt, post-smolt and grow-out markets with its mission critical solutions to improve license utilization, production cost, and environmental footprint for leading aquaculture farmers globally. The target markets are projected to have attractive double-digit growth going forward.

Nofitech has a track-record of successful RAS deliveries dating back to 2012 and has over the last decade continued strengthening its product and delivery capacity, including ancillary services such as market leading water treatment solutions, MIME - the company's proprietary digital twin and operational support tool, and lifecycle support services.

To date, Nofitech has delivered 22 modules across the globe, all with excellent operational results.

Nofitech is headquartered in Trondheim, Norway, and is backed by leading Nordic private equity investors Summa Equity and Longship.



Quarterly highlights

Highlights from CEO

- The activity level in Nofitech remains high, with 3 project deliveries currently in production
- Despite seeing clear signs of pent-up demand post resource tax implementation, the decision cycles remain extraordinary long for award of new deliveries in Norway
- Nevertheless, we are currently in several advanced dialogues regarding both turn-key and system deliveries, giving a strong outlook for the coming 12-month period

Operational update

- The commencement of the most recent turn-key delivery on Faroe Island was 3 months delayed due to late signing of activation order and a general working strike at Faroe Islands – the delays are subject to force majeure and will not affect the overall profitability, but will impact the revenue recognition in 2024
- The Applecross turn-key delivery in Scotland remains a financially challenging delivery for Nofitech, with further delays being identified causing this to be a low/no margin delivery as previously indicated. Nevertheless, the quality of the facility is supreme with strong production numbers thus far, supporting the strong technological and biological track-record of Nofitech
- The first Norwegian turn-key delivery since the resource tax introduction to Hardingsmolt, a repeat customer of Nofitech, is progressing according to plan

Financial performance

- Quarterly revenue and EBITDA was negatively affected by the mentioned delays and postponement of new turn-key awards. The group still delivered a 13% pro forma revenue growth, but with NOK -9 million EBITDA in the quarter - NOK ~6 million was extraordinary cost related to claims and 3rd party services
- The YTD trading is also somewhat behind forecast, but still with a YoY pro forma increase in EBITDA of NOK 54 million - showcasing the positive trading momentum
- Working capital and cash conversion remain a priority, with procedures implemented to ensure return to normal levels

Covenant trading

- The group had NOK 85 million in cash and cash equivalents at quarter end compared to the NOK 40 million covenant. Hence the group complied with its financial covenant per Q3-24

Outlook

- The market remains strong and outlook positive, but long decision cycles make timing of new turn-key deliveries somewhat uncertain
- The delays in ongoing deliveries and postponement of expected project awards is anticipated to have negative earnings effects on current year results. Nevertheless, the backlog remains healthy and provides good visibility for the activity level going forward
- The financial sponsors remain actively engaged in supporting Nofitech in developing its market leader position within RAS

Q3 2024 key figures

LTM sales
NOKm

621

LTM EBITDA
NOKm

69

Backlog
NOKm

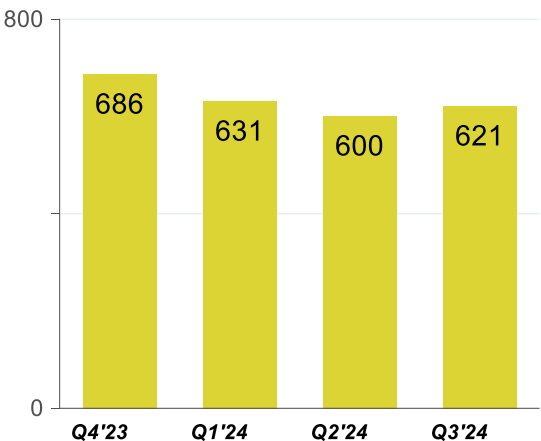
Phase 1: 2,934
Phase 2: 1,038

Cash
Balance

85

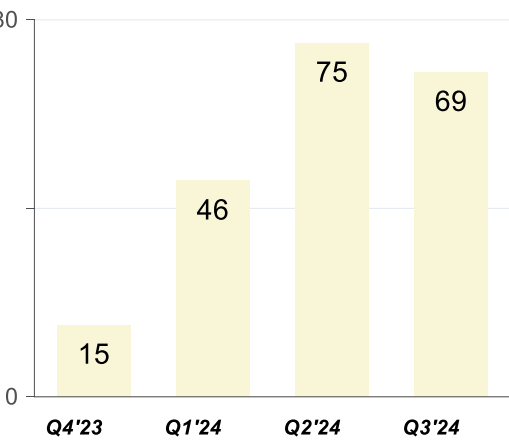
LTM SALES

NOKm

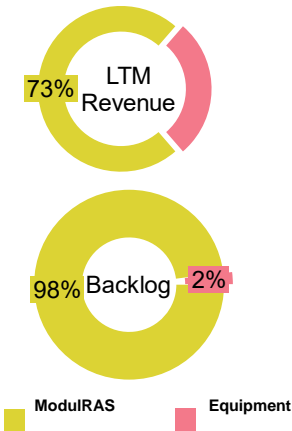


LTM EBITDA

NOKm



SEGMENTS



NOTE: Q1'24 LTM EBITDA affected by periodization differences compared to Investor Presentation whereby net NOK ~14 million is accounted for in Q2'24 as part of the new Bidco group consolidation.



Interim consolidated financial accounts

The Neptune Bidco Group was for consolidation purposes established as a part of the bond issue completed in Q2-24 whereby bonds of NOK 500 million were issued. Due to the new group establishment, the report for Q3-24 does not have any comparable figures. The presented figures for YTD are the pro forma figures for the Neptune Bidco Group as if the consolidated group was established at the beginning of the year.

PROFIT & LOSS

NOKm	Q3'2024	YTD'2024
Revenue from sales and projects	175,2	451,6
Other income	0,0	0,0
Total operating revenues	175,2	451,6
Cost of materials	138,5	310,4
Salaries and personnel costs	31,7	80,5
Depreciation	6,7	7,4
Amortization of goodwill	29,8	89,4
Other operating expenses	13,6	34,4
Total operating expenses	220,4	522,2
Operating profit/loss	(45,3)	(70,5)
Income/loss from subsidiaries	0,0	0,0
Interest income from group companies	0,0	0,0
Other interest income	3,0	6,3
Other financial income	0,0	0,0
Interest expenses	0,0	0,0
Interest expenses to group companies	0,0	0,0
Other financial expenses	(27,1)	(49,7)
Net financial items	(24,2)	(43,4)
Profit/loss before tax	(69,4)	(114,0)
Tax	0,0	0,0
Profit after tax	(69,4)	(114,0)



Interim consolidated financial accounts

BALANCE SHEET

NOKm	Q3'2024
ASSETS	
Intangible assets	57,5
Deferred tax assets	3,6
Goodwill	824,8
Total intangible assets	886,0
Machinery, equipment and other	6,0
Total tangible assets	6,0
Investment in subsidiaries	0,0
Other receivables	2,0
Total non-current financial assets	2,0
Total fixed assets	894,0
Inventories	49,8
Accounts receivables	44,4
Other receivables	172,5
Cash and cash equivalents	85,2
Total current assets	351,9
Total assets	1 245,9
EQUITY AND LIABILITIES	
Total paid-in equity	89,2
Retained earnings and minority interest	521,8
Total equity	610,9
Deferred tax liabilities	0,0
Total allowances for liabilities	0,0
Non-current interest-bearing liabilities	483,0
Other non-current debt	17,1
Total non-current liabilities	500,1
Short-term debt to financial institutions	0,0
Accounts payable	76,4
Current tax payables	4,5
Current value added tax	10,5
Other current liabilities	43,4
Total current liabilities	134,8
Total liabilities	634,9
Total equity and liabilities	1 245,9



Interim consolidated financial accounts

CASH FLOW

NOKm	Q3'2024	YTD'2024
Profit before tax	-69,4	-114,0
Taxes paid in the period	0,0	0,0
Prepaid tax in the period	0,0	0,0
Depreciation	6,7	7,4
Amortization of goodwill	29,8	89,4
Changes to inventory	-17,8	-1,9
Changes in accounts receivables	67,1	107,0
Changes to accounts payables	9,2	0,1
Changes to other short-term non-financial assets and liabilities	-22,6	-122,9
Net cash flow from operating activities	3,0	-34,8
Incoming payments from sale of fixed assets	0,0	0,0
Outgoing payments from purchase of fixed assets	-0,8	-14,4
Outgoing payments from other loan receivables	0,0	0,0
Incoming payments from other loan receivables	0,0	0,0
Outgoing payments related to purchase of shares	0,0	0,0
Net cash flow from investment activities	-0,8	-14,4
Incoming payments from new long-term debt	0,0	500,0
Outgoing payments from downpayment of long-term debt	0,0	-300,0
Incoming payments from new short-term debt	0,0	0,0
Outgoing payments from new short-term debt	0,0	-125,0
Incoming payment of equity	0,0	0,0
Net payment on revolving credit	0,0	0,0
Net cash flow from financing activities	0,0	75,0
Net change in cash and cash equivalents	2,4	25,8
Effect of change in foreign currency	0,0	0,0
Cash and cash equivalents at the start of the period	82,7	59,5
Cash and cash equivalents at the end of the period	85,2	85,2



Bernt Eivind Østhus

Chairperson

Robert Hundstad

CEO

Trondheim
19.12.2024



Notes to the financial accounts

Note 1: Accounting policies

Group Financial Statements

The financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway.

Basis for consolidation

The Group's consolidated financial statements comprise Neptun Bidco AS and companies in which Neptun Bidco AS has a controlling interest. A controlling interest is normally obtained when the Group owns more than 50% of the shares in the company and can exercise control over the company. Non-controlling interests are included in the Group's equity. Internal shareholding and transactions, receivables and payables between group companies have been eliminated in the consolidated financial statement. The consolidated financial statements have been prepared in accordance with the same accounting principles for both the parent company and subsidiaries.

The purchase method is applied when accounting for business combinations. Companies which have been bought or sold during the year are included in the consolidated financial statements from the date when control is achieved and until the date when control ceases.

As by the end of the financial year Neptun Bidco Group consists of the companies Nofitech Holding AS (Norway), Norwegian Fishfarming Technologies AS (Norway), NFT Newco AS (Norway), Aqua Innovasjon AS (Norway), CM Aqua Technologies ApS (Denmark), Ratz Polymertechnik GmbH (Germany) and Hex Filter GmbH (Germany). The companies CM Aqua Technologies ApS, Ratz Polymertechnik GmbH and Hex Filter GmbH were acquired with effect from June 2020 and included in the consolidated financial statements from that period onwards.

Material accounting assessments, estimates and assumptions

The management has used estimates and assumptions that have affected assets, liabilities, incomes, expenses and information on potential liabilities in accordance with generally accepted accounting principles in Norway.

The operations of the largest subsidiary of the Group, Norwegian Fishfarming Technologies AS, primarily consist of engineering, project planning, management and construction work related to Recirculating Aquaculture Systems ("RAS"). For the projects, The Group recognizes revenue using the percentage of completion method, based on the anticipated final profit (final outcome) and stage of completion for each of the different phases of the projects. This means that income is recognised as work progresses. The percentage of completion method is based on estimates and assessments, entailing a degree of uncertainty in the accounting. For projects under construction, there is uncertainty associated with the progress of ongoing work, disputes, final outcome, etc. The final profit may therefore differ from the anticipated profit. For completed projects, there is uncertainty about hidden deficiencies, including guarantee work, and the outcome of possible disputes with the client. Provisions are made for guarantee work based on historical experience and commonly accepted methods for such assessments of uncertainty.

Revenue recognition

Revenues from the sale of goods are recognised in the income statement once delivery has taken place and most of the risk and return has been transferred.

Revenues from the sale of services and long-term manufacturing projects are recognised in the income statement according to the project's level of completion provided the outcome of the transaction can be estimated reliably, and as further described in the section "Material accounting assessments, estimates and assumptions".

Balance sheet classification

Current assets and current liabilities consist of receivables and payables due within one year, and items related to the inventory cycle. Other balance sheet items are classified as non-current assets / non-current liabilities. Current assets are valued at the lower of cost and fair value. Current liabilities are recognized at nominal value. Non-current assets are valued at cost, less depreciation and impairment losses. Non-current liabilities are recognized at nominal value.

Subsidiaries and investment in associates

Subsidiaries and investments in associates are valued at cost in the company accounts. The investment is valued as cost of the shares in the subsidiary, less any impairment losses. An impairment loss is recognised if the impairment is not considered temporary, in accordance with generally accepted accounting principles. Impairment losses are reversed if the reason for the impairment loss disappears in a later period.

Dividends, group contributions and other distributions from subsidiaries are recognised in the same year as they are recognised in the financial statement of the provider. If dividends / group contribution exceed withheld profits after the acquisition date, the excess amount represents repayment of invested capital, and the distribution will be deducted from the recorded value of the acquisition in the balance sheet for the parent company.



Notes to the financial accounts

Note 1: Accounting policies

Accounts receivable and other receivables

Accounts receivable and other current receivables are recorded in the balance sheet at nominal value less provisions for doubtful accounts. Provisions for doubtful accounts are based on an individual assessment of the different receivables.

Income tax

The tax expense consists of the tax payable and changes to deferred tax. Deferred tax/tax assets are calculated on all differences between the book value and tax value of assets and liabilities. Deferred tax is calculated as a percentage of temporary differences and the tax effect of tax losses carried forward, using the applicable tax rate for the different jurisdictions. Deferred tax assets are recorded in the balance sheet when it is more likely than not that the tax assets will be utilized. Taxes payable and deferred taxes are recognised directly in equity to the extent that they relate to equity transactions.

The tax effect of Group tax contribution is reversed, ensuring that the Group tax cost is not affected by such internal Group tax contribution transactions.

Pensions

The companies in the Group have pension agreements which comply with the applicable legal requirements in the different jurisdictions. The pension schemes are defined contribution plans. In such defined contribution plans the employer contributes to the employee's pension savings. The future pension depends on the size of the contribution and the return on the pension assets. The pension cost for the Group is equal to the contributions for the year. Hence, no pension liability is recorded in the balance sheet.

Cash flow statement

The cash flow statement is presented using the indirect method. Cash and cash equivalents includes cash, bank deposits and other short term, highly liquid investments with maturities of three months or less.

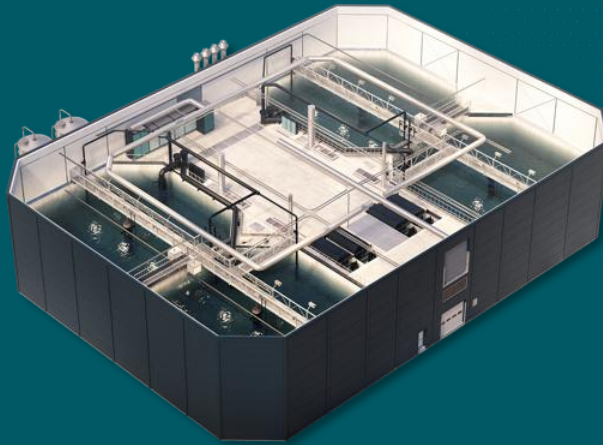
Note 2: Segment information

Operating revenue is divided into two segments, ModuleRAS and sale of equipment to the aqua industry through the fully owned subsidiary, CM Aqua.



ModulRAS

One concept – adaptable solutions



Press play to see Nofitech's proprietary ModulRAS solution



Nofitech