

SCALEAQ GROUP

Quarterly report October 2023



SCALEAQ GROUP

SCALE AQ
Seabased

SCALE AQ
Software

SCALE AQ
Chile

 Moen Marin
A PART OF SCALEAQ

MASKON
PART OF SCALEAQ



Summary from CEO

Good colleagues,

It is a pleasure to share another good quarterly report with you.

We had a very strong end to the quarter. In September, all divisions delivered higher results than last year. The result for the last 12 months is now higher than the 2023 budget. This is simply impressive given the challenges and uncertainty that have characterised the industry as a result of the proposal to introduce a resource rent tax. We have all the prerequisites to make 2023 the year we seriously positioned ourselves as a world-leading and profitable technology and equipment supplier to the global aquaculture industry.

The market in Norway has been weak since the summer holidays. We therefore need one last push from everyone if we are to continue the positive development towards the turn of the year and reach the budget target for the year.

In our various value chains, we still face some challenges with deliveries and the repercussions of the new tax regime. Despite this, we deliver good figures, and we have good control of our customers and our market in all divisions. We should be proud that we are close to our customers, and do not lose them to other players. It's a result of everyone's unique efforts.

We will continue to solve our customers' challenges. This requires that we are close to our customers in our customer follow-up, that we deliver sustainable and profitable solutions.

We have five strong divisions that create results individually, but also contribute to the whole being larger than the individual divisions. We have five skilled and driving division leaders who, together with their teams, create development and progress in their respective divisions, but who also ensure to strengthen the whole through synergies and interaction across the divisions.

I believe that we will finish 2023 with the flag at the top.

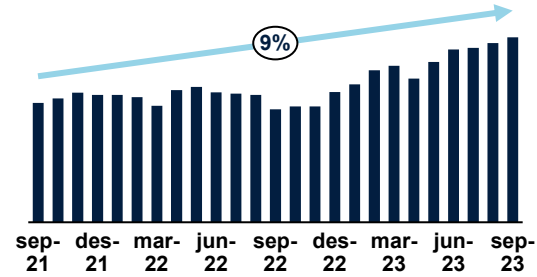




ScaleAQ Group – KPIs & trends

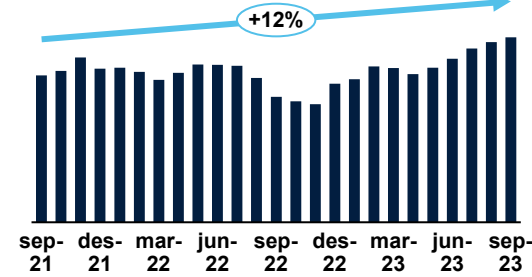
L12M Inntekter

3.304 MNOK (FY B'23: 3,702)



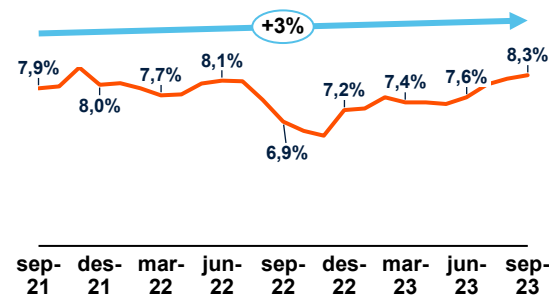
L12M EBITDA

274 MNOK (FY B'23: 272)



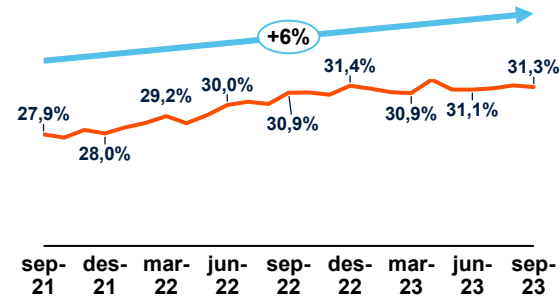
L12M EBITDA%

8,3 % (FY B'23: 7,3%)



Bto margin

31,3 % (FY B'23 27,5 %)



Key figures for the period:

L12M Inntekter

3.304 MNOK

(2.890 MNOK)

L12M EBITDA

274 MNOK

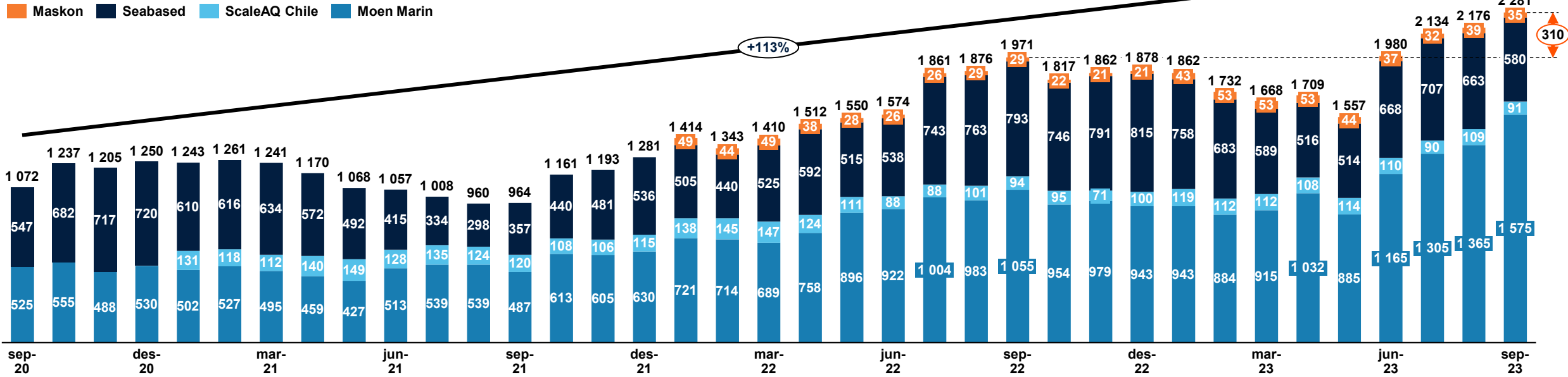
(208 MNOK)



New "all time high" order backlog at the end of September. Weak order intake in Seabased after the holiday, but good order intake in Moen Marin.

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Order backlog



- Very few project orders in Seabased in the 3rd quarter, but many offers for clarification towards the New Year
- High order intake and few deliveries of boats in Moen Marin have resulted in a sharp increase in the order backlog
- Still good order intake in Maskon – budget for the whole of 2023 already achieved



SCALE **AQ**

News from group functions



Commercial & Strategy

- ScaleAQ established the new company structure in April to enable both efficient and focused business units, utilization of synergies across units, as well as capacity and competence to pursue further growth and opportunities within and outside today's core business
- As a natural next step, we initiated a Group strategy process early September
 - The scope of the strategy process is based on our existing vision, namely to shape the future's global and sustainable aquaculture, by being the leading and preferred partner to the industry
 - We believe we are uniquely positioned to take the lead, and we are actively pursuing initiatives to achieve significant growth targeting revenues of NOK 8-10 BN within 2030
- The purpose of the strategy process is to ensure a mutual understanding of the key drivers shaping the future and our competitive advantages, as well as an alignment on our strategic positioning to succeed going forward
 - To be concluded by the end of Dec 2023.
- Thereafter, based on the Group's strategic priorities and objectives, the business units will map out action plans to succeed
 - To be analyzed and concluded during Jan-Apr 2024
- The leadership team held strategy discussions November 2-3 addressing initial growth opportunities and positioning. Next step is that the project team will continue it's work until mid December when the leadership team will conclude on suggestions for strategic positioning and priorities for the Group to be presented to the Board of Directors



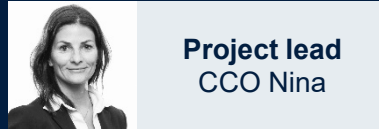
Timeline Strategy project

	2023									2024			
	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG
Define scope and process	X												
Alignment board	X												
Strategic project planning													
Analysis and structuring information													
Scenario assessment													
Decide priorities for group													
Decide priorities for divisions													
Alignment with board			X	X	X								
Formation of strategy for group													
Formation of strategy for Bus (alignment to Group)													
<i>Execution of strategy – all levels</i>													
<i>Low hanging synergy realization</i>													
<i>Long term synergy realization</i>													

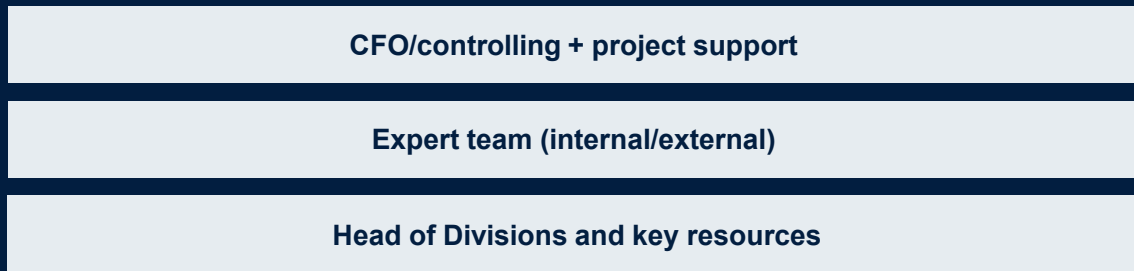
New phase:
Execution



Strategy project organization

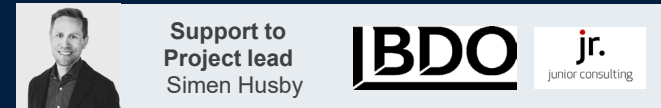


Project lead
CCO Nina



Group will take lead of the project and involve key resources and divisional managers at the right time to reduce capacity constraints, but at the same time ensure necessary inputs to make the right evaluations and decisions, as well as ownership to the decisions being made.

Divisional strategies will be owned by respective head of divisions with support from Group.



Support to Project lead
Simen Husby



Project support is chosen from BDO and Junior Consulting.

The project support will focus on helping managers and key resources involved to:

- Facilitate and coordinate the creation of strategy
- Help ensure consistency of the strategy

Strategic focus areas to reach ScaleUP 2025

Project / initiative	Ambitions / achieved	Start & Stop	Focus N3M	Status
Working capital	Significant reduction of working capital – minimum NOK 380 mill	Mar 2023 – Dec 2024	New contract payment terms in Moen Marin. Improve dunning and S&OP process in Seabased	
Launch Vortex	New technology – higher margin point. Step change in sea lice issue	2021 – 2023	Documentation 1. pilot. Delivery of 2. pilot.	
Launch Subsea	New technology – higher margin point. Step change in sea lice issue. Adapted for more exposed locations	2022 – 2024	Finalize engineering of roof / bowl. Pilot.	
Software turnaround	Establish a foundation for profitable growth. Achieve “cash” EBITDA > 0 in 2023. Identify new sources of revenues	Mar '23 – Dec '23 2023 - 2025	Pricing. Establish new 3 year strategy	
Sustainability / Green Platform	Take a leading position in close cooperation with our customers to build a sustainable industry	2023 - 2025	<u>SirkAQ Circular value chain in fish farming</u>	
Integration Maskon	Growth in export. Utilize current Scale presence (sales and service) in new geographies	Feb 2023 -	Establish concrete action plans for Chile, UK and Island. Meeting key customers in Chile	
Chile ScaleUP	Establish a new strategy and action plan for profitable growth	Mar 2023 – Jun 2023	Analyze market opportunities. Strengthen the commercial team. Establish new strategy- 3 years	
CAS technology	New technology – higher margin point. Zero sea lice.	2022 -	Explore alternative entry strategies – revert to BoD	



Sustainability, ESG & HSEQ

Sustainability reporting will be equated with financial reporting in the years to come

- ScaleAQ including all divisions needs to report on ESG-data from 2026 with own data from 2025 according to the EU-regulative: CSRD (Corporate Sustainability Reporting Directive).
- We are now conducting a double materiality assessments in the Divisions, which reflects the business's significant impact on economic, environmental, and social aspects. The materiality analysis forms the basis for prioritizing focus areas for the business and its reporting.

ScaleAQ sustainability strategy is published on our intranet: [Bærekraft \(scaleaq.com\)](#) & [PowerPoint Presentation \(scaleaq.com\)](#)

SirkAQ (green platform project):

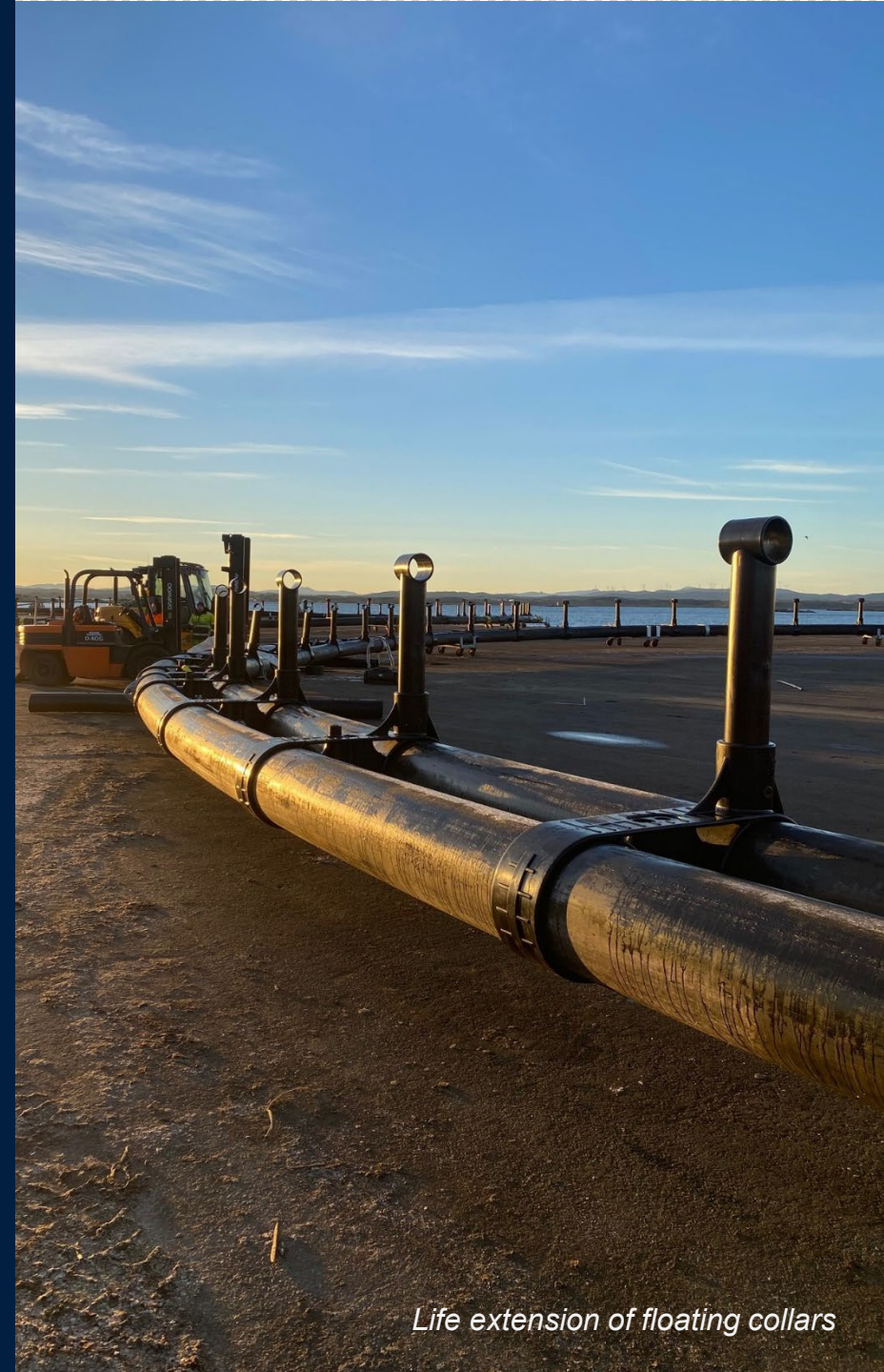
- Material engineering manager is employed
- ScaleAQ Circular is being established on Hamarvika
- ScaleAQs first EPD (Environmental product declaration) on floating collar – FR560-157 is published ([Floating Collar - FR560-157 - EPD Norge \(epd-norge.no\)](#))

Biology and fish welfare

- The biological risk assessment for the SubSea system is finalized
- Scale will together with Bjørøya conduct a test regarding nutrient leakage from pellets in water feeding systems from ScaleAQ (two different barges)
- A student from NTNU is working on oxygen modelling for the SubSea system

HSEQ

- A consolidated monthly reporting structure across divisions on the Total Recordable Injury Frequency is newly put in place.
- Dialogue with divisions to secure a minimum and common HSE ground (i.e. emergency plans are either being established or reviewed and coordinated).
- IT solution for Transparency Act being validated and rolled-out to the divisions during Q4.



Life extension of floating collars



HR & Communication

At ScaleAQ, we work long-term and systematically with our sustainability commitments. One of these is to ensure a safe, inclusive, evolving and diverse workplace.

We have set specific goals for lower sickness absence, more women in senior positions and even better gender distribution among our employees.

We believe that employees who experience meaning, mastery and co-determination perform better.

Measuring employee satisfaction is an important part of the mapping to create an even better work environment.

Employee surveys will be sent out to all employees in Norway during November. Our ambition is to achieve a high level of participation.



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