

SCALEAQ GROUP

Strategipresentasjon for
Trondheim 11. jan 2024



**SCALEAQ
GROUP**

SCALE AQ
Seabased

SCALE AQ
Software

SCALE AQ
Chile

 **Moen Marin**
A PART OF SCALEAQ

MAKON
PART OF SCALEAQ



Strategi – sammendrag

Vi har et genuint fokus på å **løse kundens behov**, og ser det som vår misjon å sikre at kundene våre har **rett til å drive oppdrett**, og til å lykkes med å ta frem et premium lakseprodukt (eller annen høyverdi art) av premium kvalitet og til lavest mulig kostnad, på en bærekraftig måte.

Vår finansielle ambisjon er å **vokse raskere enn våre konkurrenter og med høyere marginer med en høy andel løpende inntekter, samtidig som vi er kapitallette**. I 2030 skal vi levere 10 MRD NOK med driftsresultat på 10% og avkastning på 20%, mens løpende inntekter utgjør 25%.

Fokuset vårt er guidet av industrivinnere, og vi vil drive lønnsom vekst gjennom tre ulike dimensjoner:

- **Styrke kjernevirksomheten vår**
- **Utvide det som ligger naturlig til kjernen**
- **Posisjonering mot nyere områder**

Vi skal forme **fremtidens trygge og bærekraftige akvakultur**, og vår visjon er å være den **ledende og foretrukne partneren til den globale akvakulturnæringen**.

Vi skal forstå våre kunders behov, være en rådgiver for komplette teknologiløsninger og sørge for at vi skaper den høyeste kundeverdien (innenfor vårt segment).



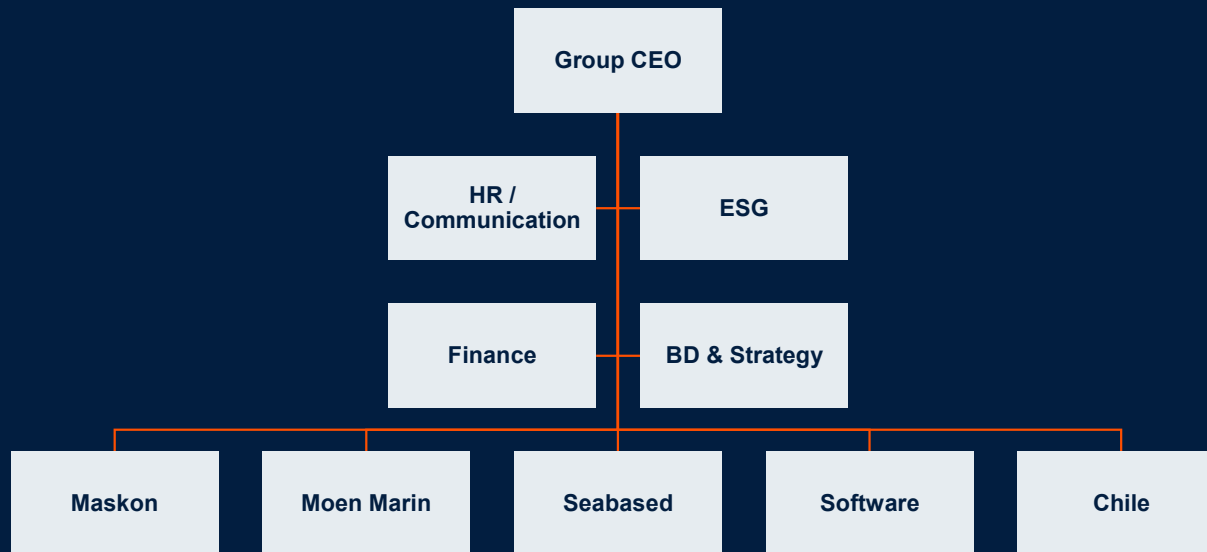


Innhold

1. **Bakgrunn: hvorfor strategi**
2. Base case og fokusområder
3. Posisjonering og strategiske prioriteringer
4. Neste fase



Backdrop: ScaleAQ Group established. Strategy to be defined.



- Since April 2023, we have been operational in our new corporate structure, with 5 divisions managed and supported by specific group functions
- The new structure is an enabler for profitable growth:
 - Maximize potential in each business division through operational focus
 - Utilize synergies across the divisions
 - Ensure capacity and focus to identify and pursue value creation potential outside our current divisions' core areas
- We have established the structure to succeed, and now it's time to map out the strategy for the ScaleAQ Group
- Key element to master two disciplines
 - long term view and innovation to ensure growth opportunities and to manage risk...
 - ...without losing operational focus and speed



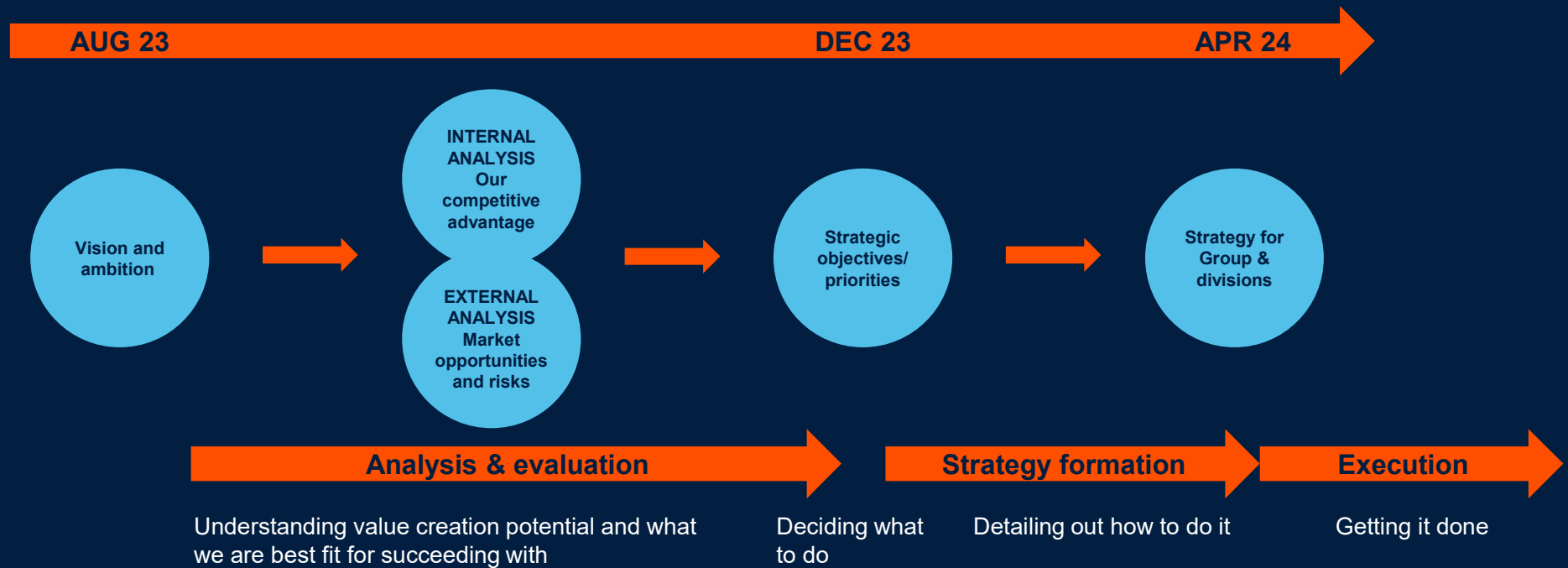
Purpose of the strategy process



- Mutual understanding of our overall ambition, vision and goals
- Mutual understanding of the key drivers shaping the future
- Alignment on as-is situation for the Group and our competitive advantage
- Alignment on most likely scenarios, as well as the key value driving priorities/strategic objectives for us to succeed
- A strategic roadmap and commitment throughout the organization to the strategic goals and action plans for the group and the business units – for powerful execution

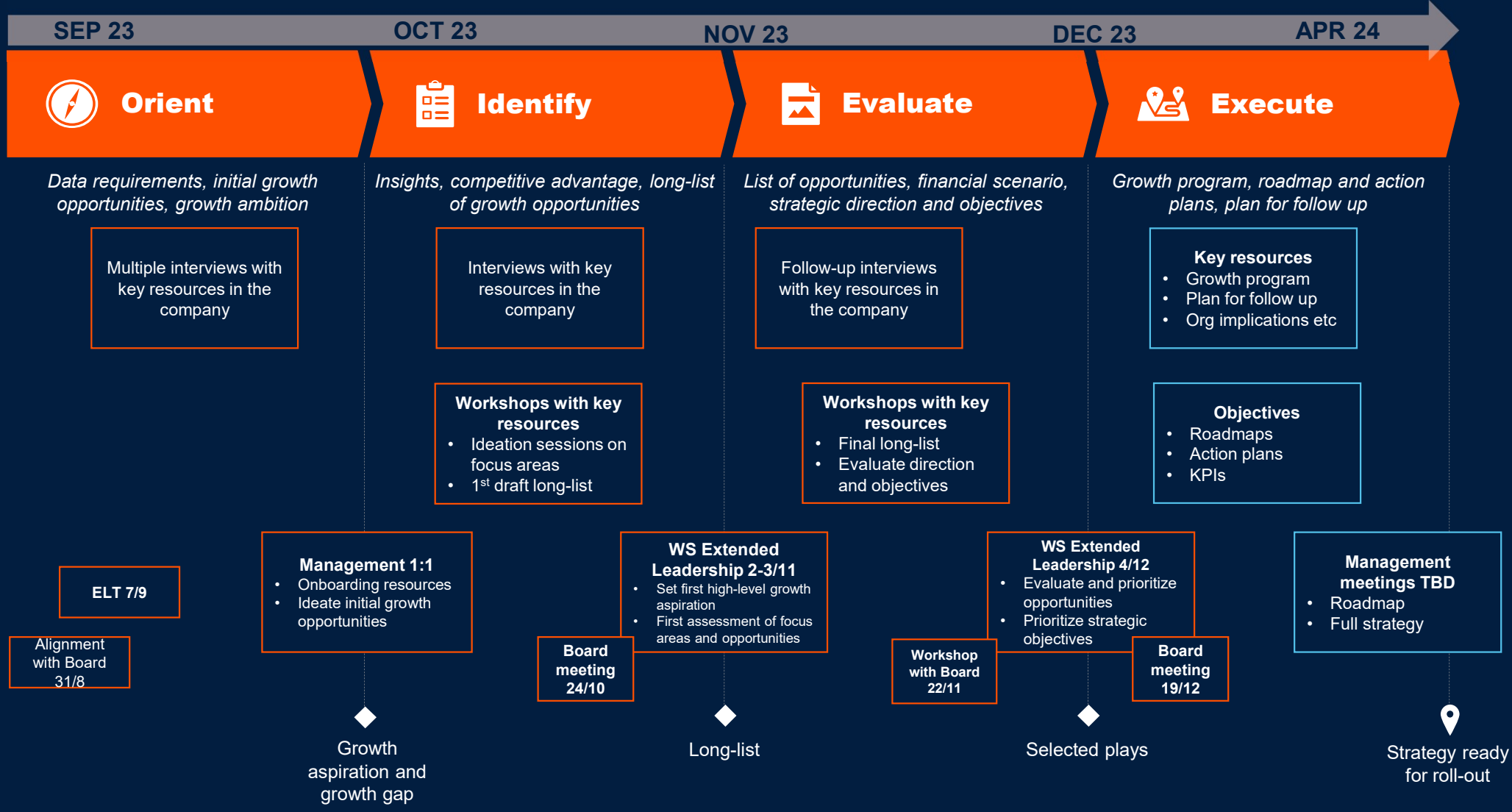


The strategy process will take us from today's situation to the future state through the following steps...





We have now finished the Evaluate-phase with a prioritized list of growth opportunities and objectives





Through the strategy process we have identified a long-list of growth opportunities

Areas of growth

Opportunities identified



Maximize

- Enhance by excelling the customer journey (e.g. KAM, internal processes etc)
- Synergies across group (e.g. service, systems, shared services, procurement etc)
- Best practice across divisions
- Continuous improvements (e.g. digitization of core processes etc)



Expand

- Increased market share of open inshore cages, semi-closed technology, submersible cages
- Grow with closed sea-based systems and exposed farming
- Grow market with existing portfolio of boats
- Fully automated vaccination, vaccination patterns
- Expand digital products in broader part of the value chain



Explore

- Larger boats and / or new types of boats – potential across maritime sector
- New energy solutions and / or infrastructure
- Digitalization and smarter products – how to create new value?
- Fish farmers value chain scoping and white spots?
- Offshore farming
- Land-based farming
- New species – are other high-value species interesting?
- New business models? E.g. “Fish as a service”, SaaS etc



In the process we have made a short-list of growth opportunities that are evaluated and included in the new strategy

Value / impact
E.g. revenue, cost reduction

High

Prioritize

New production technology

Maximize today's products

Service

Find out more

Digital positioning

Landbased

ESG positioning

New business models

Electrification and infrastructure

Low

Second wave

Postpone

Offshore

New species

Low

Complexity

E.g. risk, time, need, demand

High

Growth opportunities prioritized and evaluated, and included in the strategy

Planned logic for opportunities scoped out:

- Re-evaluate in 2026
- Earlier if there are changes in the market, regulations and political incentives change, and ScaleAQ Group revenues decrease



Our evaluations and priorities have been guided by proven value drivers in industry champions



A strong **competitive advantage**



Focus on **recurring revenues** for strong customer relationships and stabilized earnings



Driven by **creating customer value** and making customers more competitive



Investments in innovation to support organic growth and increase competitive advantage



Asset-light business model offering high returns and low risk



A clear **M&A agenda** for “bolt-ons” to strengthen customer offering, grow existing business, and create new platforms for growth



Customer value are top of mind in everything we do (and plan to do)

Our mission

Ensuring our customers have **license to operate**, and succeeding in making a healthy salmon and high-value specie of premium quality, at a low cost, and in a sustainable matter



Customer challenges to solve

Reduce feed cost and optimize growth

Improve lice and disease management

Reduce waste and emissions

Make monitoring, control and compliance easy



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Base case and growth opportunities

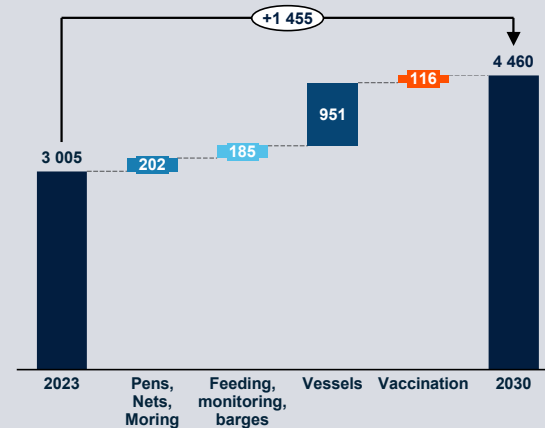
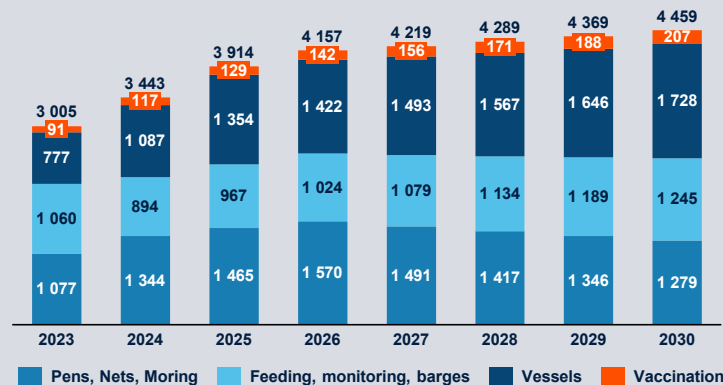
- Over the next slides we present a summary of base case and growth opportunities that have been prioritized and evaluated in the strategy process
- The initiatives are stand-alone opportunities and presented with key takeaways from analysis, a financial scenario and objectives
- In the next phase of the strategy process we will assess each growth opportunity and what it will require to succeed
- Completing the next phase, it will be necessary to do an overall evaluation of priorities and assessment of total capacity, capabilities and investment needs for ScaleAQ Group
- This will possibly have implications on the staging and potential end financial scenario for 2030





Base case: Existing products (ex. service and software)

Financial scenario



Key takeaways

- Increased market share in conventional seabased farming – but total number of units drop after 2026 because of introduction of new production technology
- Grow market with existing portfolio of boats and larger more complex boats
- Vaccination: Maintain strong position in Norway and expand globally in ScaleAQ core markets
- Overall continuous improvements
- Yearly maintenance investments of ~30 MNOK

- Strategic objectives -



Maximize value of product portfolio

- Optimize existing product portfolio
- Increase margins through value-based pricing
- Develop new service offerings and business models



Strengthen position in core markets

- Cross sales
- New product offerings and business models
- Excelled customer experience



Develop operational excellence

- Improve efficiency in production and delivery
- Optimize procurement

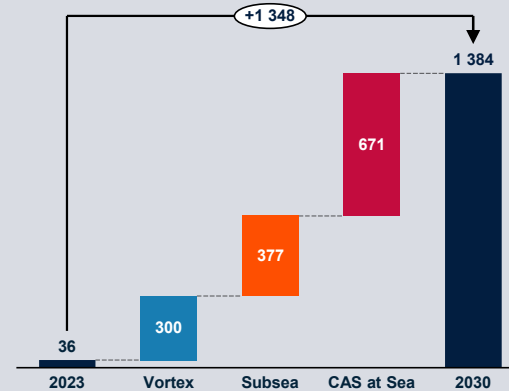
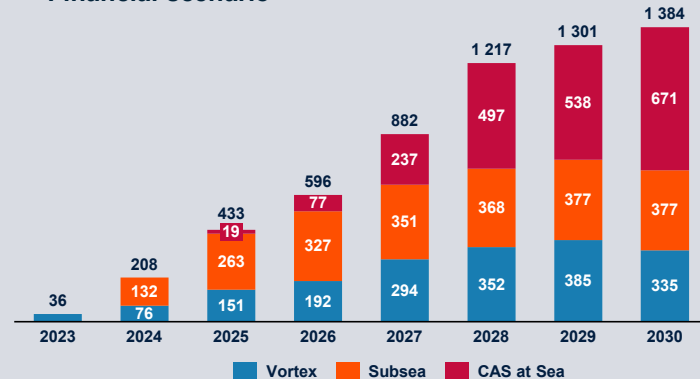
- Strategic targets 2030 -

- Revenues from 3 BNOK to 4.460 BNOK
- Growth higher than rest of market, increase in market share
- Higher margins than rest of market through economies of scale and efficiency



Growth opportunity: New production technology seabased farming

Financial scenario



Key takeaways

- Diversity in production technology is key to growth
- Investments in equipment expected steady growth globally towards 2030
- Conventional will still lead, but we will see a shift towards new production technologies, especially subsea, semi-closed and CAS
- Norway will lead the way in adapting new technology. Canada, UK and Iceland will follow when “proof of concept” is verified
- Ambition to take significant market share globally of the growing technology in sea
- Main investments needed for CAS at sea
- Total investments to 2030 of ~70-100 MNOK

- Strategic objective -



Trusted partner in new production technology

- Delivering high quality products to market in time
- Trusted by customers as the leading technology partner
- Market leader in new production technology

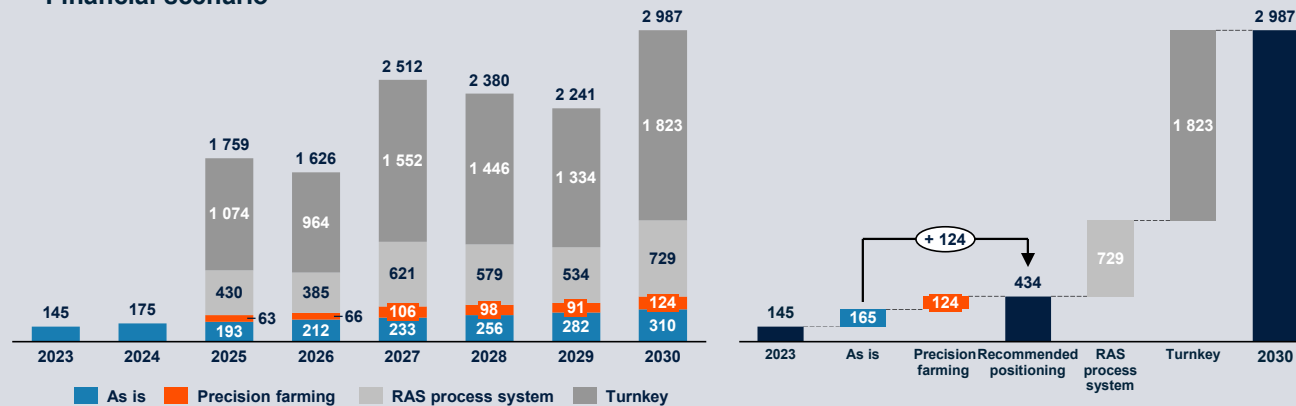
- Strategic targets 2030 -

- Revenues reaching 1.350 BNOK in 2030
- Market share of 30-40%
- High gross margins
- Correct time-to-market



Growth opportunity: Landbased positioning

Financial scenario



Key takeaways

- Expect an increase in smolt facilities to service the harvest goals worldwide
- Landbased on-growing farming also up and coming worldwide – but in a slow pace
- Extensive plans world-wide, with high potential globally for investments in process equipment
- Production technology with several risks
- ScaleAQ has a position mainly through Maskon
- Too high risk being a RAS- or turn-key provider
- Important to position as a future player when technology is matured, and market is expected to grow (past 2030)
- Investments in new feeding technology needed – estimates not verified

- Strategic objective -



Strategic positioning at low risk in landbased farming

- Positioning with low risk until market and technology matures
- Deliver precision farming in synergy between Maskon and Seabased, combining strengths and increasing market footprint

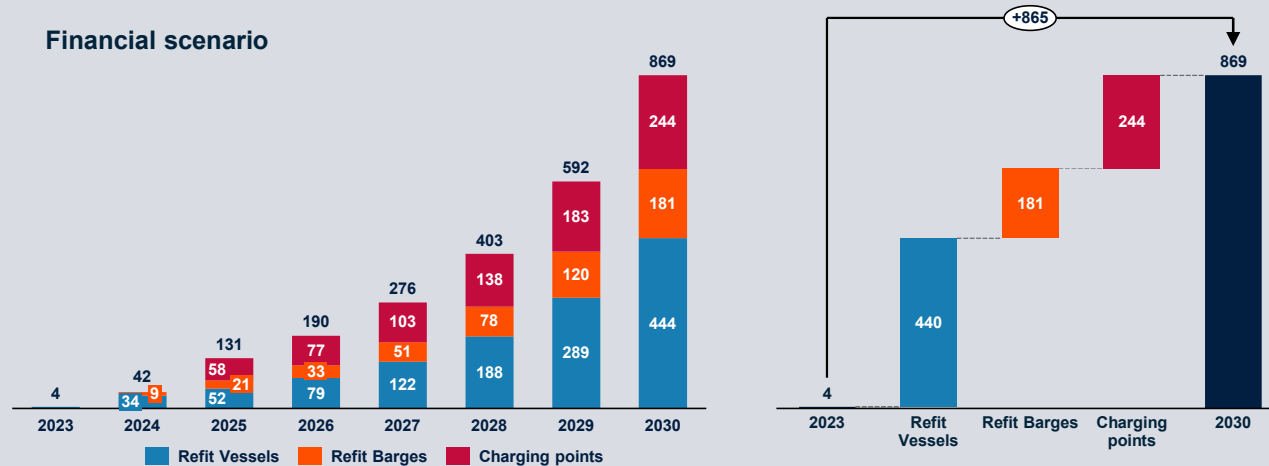
- Strategic targets 2030 -

- Revenues reaching 435 MNOK in 2030
- Market share of 35%
- High gross margins



Growth opportunity: Electrification and infrastructure

Financial scenario



Key takeaways

- Increasing demand for renewable energy in the aquaculture industry
- Infrastructure and access to electricity is a challenge – including high investments costs
- The shift towards new production forms also require more energy
- There is a high motivation among farmers to invest in (quick) solutions that reduce emissions and contribute to a more sustainable production
- Moen Marin has developed solutions for energy supply (ePower)
- Positioning in electrification and infrastructure can give a high growth potential for ScaleAQ and represents a window of opportunity next 3 years
- Limited investments needed

- Strategic objective -



Active part of the energy transition in aquaculture

- Active part of the solution to energy demand in the industry
- Develop and deliver energy efficient equipment
- Focused sales of ePower-solutions in vessels, barges and charging points on land

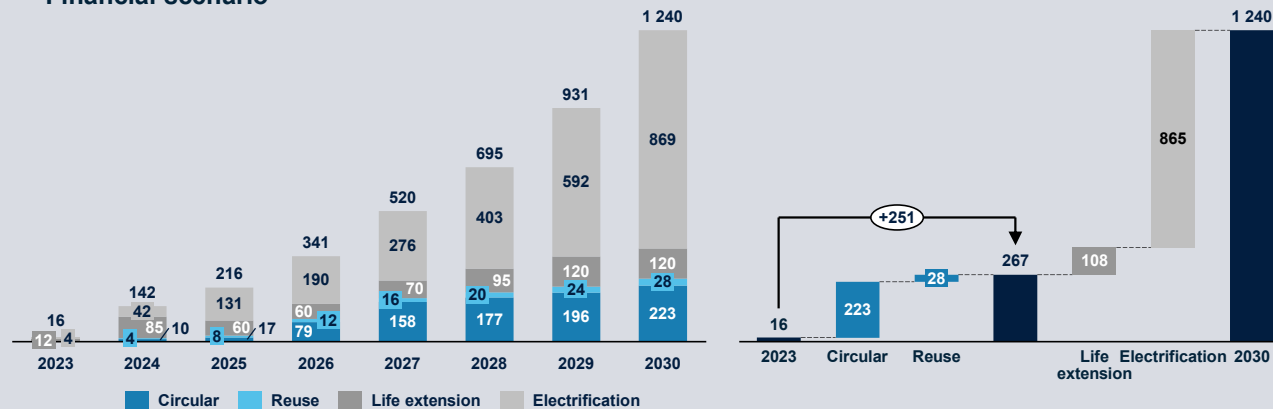
- Strategic targets 2030 -

- Revenues reaching 870 MNOK in 2030
- High-gross margins in window of opportunity next 2-3 years (expected to be challenged over time)



Growth opportunity: ESG business opportunities

Financial scenario



Key takeaways

- Possible to monetize on circular economy and technology for reduced emissions
- Most tangible business opportunities is within circular business, reuse of equipment, life extensions and electrification
- Circularity and reuse represents stand-alone ESG business opportunities
- Scaling up circular in Norway with two more locations, and possibly establishing locations in Iceland, Scotland and Canada
- Life extensions and electrification are included in maximizing today's product portfolio and other growth opportunities
- Further potential to be evaluated in next phase
- Limited investments needed

- Strategic objective -

- Strategic targets 2030 -



Develop ESG business opportunities

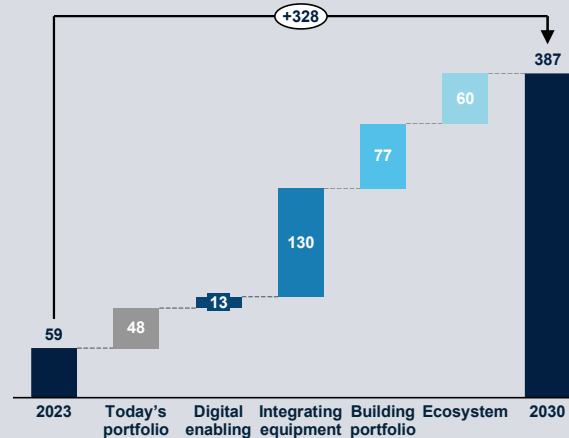
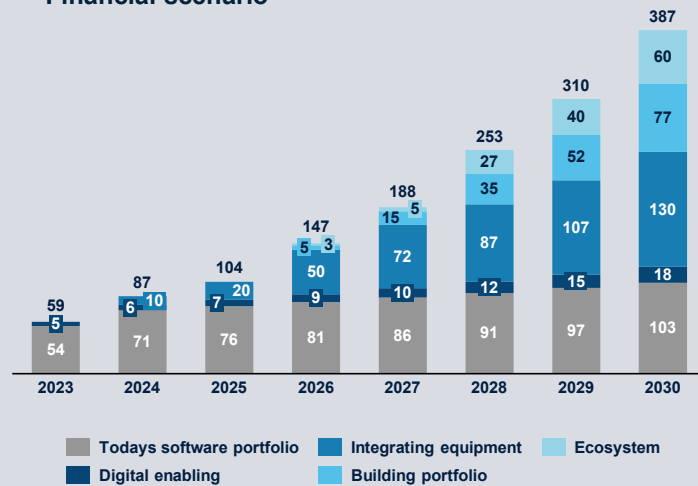
- Monetize on circular economy and technology for reduced emissions
- Integrating ESG in the core business
- Take a strong position in the market within sustainability and ESG

- Revenues to reach ~270 MNOK in 2030
- New revenue streams developed



Growth opportunity: Digital positioning

Financial scenario



Key takeaways

- Customers can leverage digital technology to solve and improve critical issues (e.g optimize growth, lice and disease management, reduce waste and emissions etc)
- Necessary for ScaleAQ to take actions
- New digital positioning needed to increase value on equipment in a price sensitive and highly competitive landscape, and build capabilities for future recurring revenues
- Identified initiatives to secure future position; starting with digital enabling equipment to add value to equipment and take a premium price
- Continue to build portfolio of digital solutions and products, and over time deliver a complete digital enabled ecosystem, where equipment and software are integrated
- Alternative will be risk of being passed by other players positioning between customer and ScaleAQ equipment
- Total investments to 2030 of ~155 MNOK

- Strategic objective -

- Strategic targets 2030 -



Levering digital technology

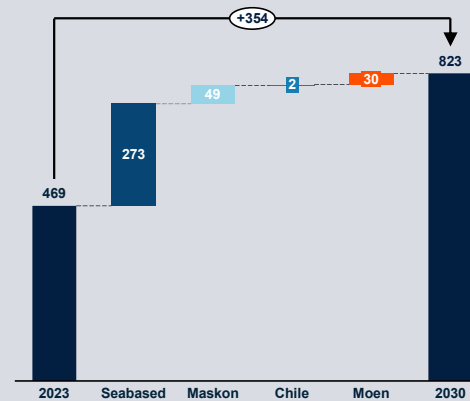
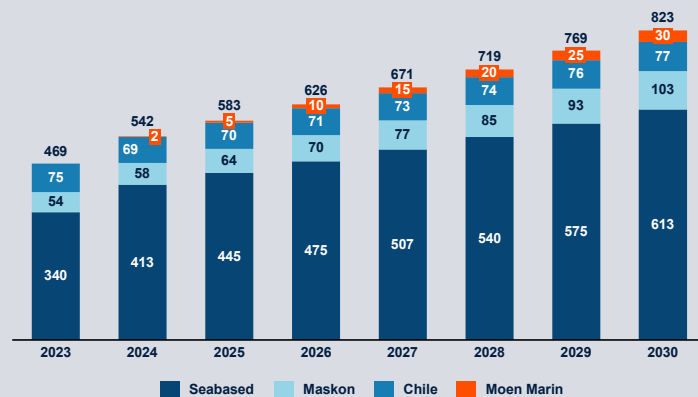
- Winning in the market as an OEM
- Solving true customer needs and create customer values
- Technology embedded in the equipment for value added features
- Building portfolio of digital products
- Building technology and capabilities step-by-step for future competitiveness

- New recurring revenues of 330 MNOK in 2030
- Achieving premium pricing on equipment – upholding high gross margins



Growth opportunity: Service and support

Financial scenario



Key takeaways

- Most service today is reactive, and customers experience pain points as result of this
- Significant value improvement potential for farmers, particularly related to feeding, downtime on service boats, and better production planning
- ScaleAQ Group project has identified low hanging fruits through structuring and making incremental improvements on today's service offering
- Ambition to go from reactive service to proactive and predictive service
- New production technology creating new customer needs for service offerings in the future – to be assessed
- Identified possibilities in new business models as an operational service provider – to be assessed
- Investments identified ~20-30 MNOK

- Strategic objective -



Leading service provider

- Capitalizing on synergies across ScaleAQ Group
- Structuring existing service offering
- Ambitious growth in new service offerings
- Service as a main contributor to recurring revenues and an asset-light business model

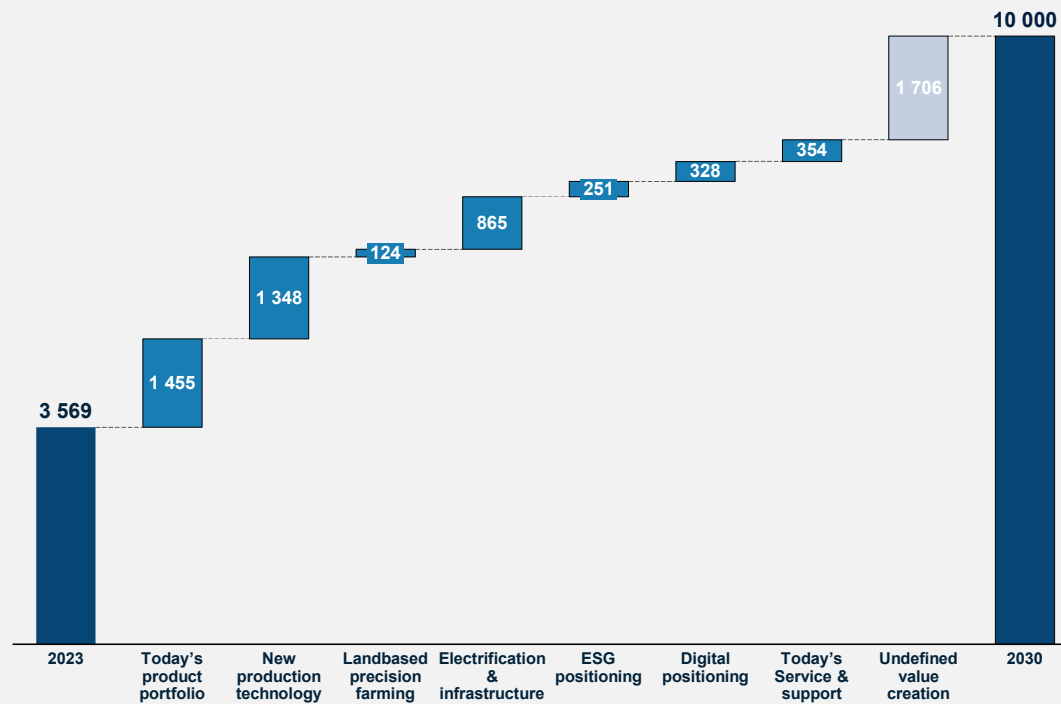
- Strategic targets 2030 -

- Revenues of 820 MNOK on existing product portfolio
- High growth in new revenues streams on expanding service offering
- High gross margins
- Increased customer loyalty and “stickiness”
- Increased life-time value of customer

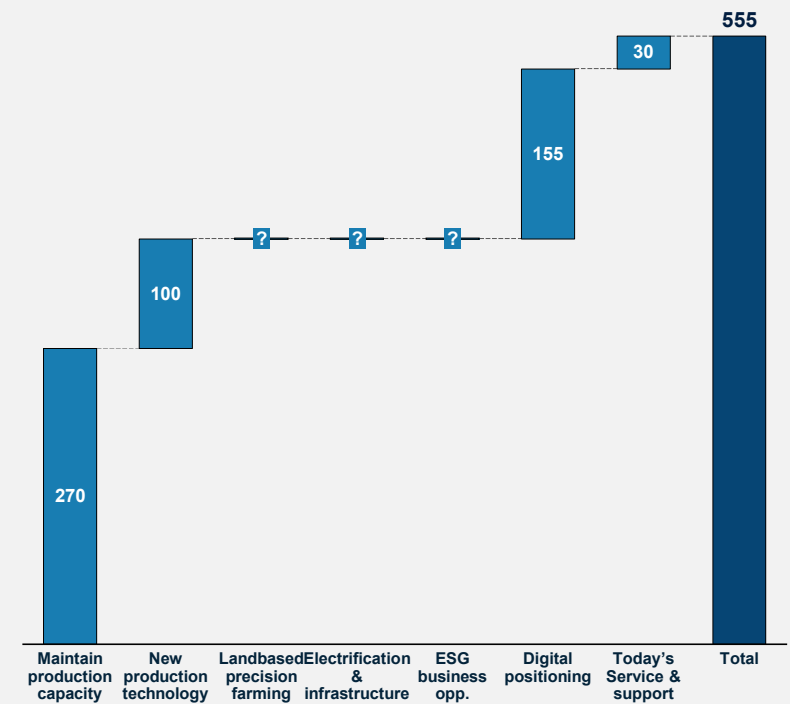


Succeeding with maximizing existing products and new growth opportunities, we have a financial ambition of 10 BNOK with strong profitability in 2030

Financial scenario and growth gap, revenues in 2030



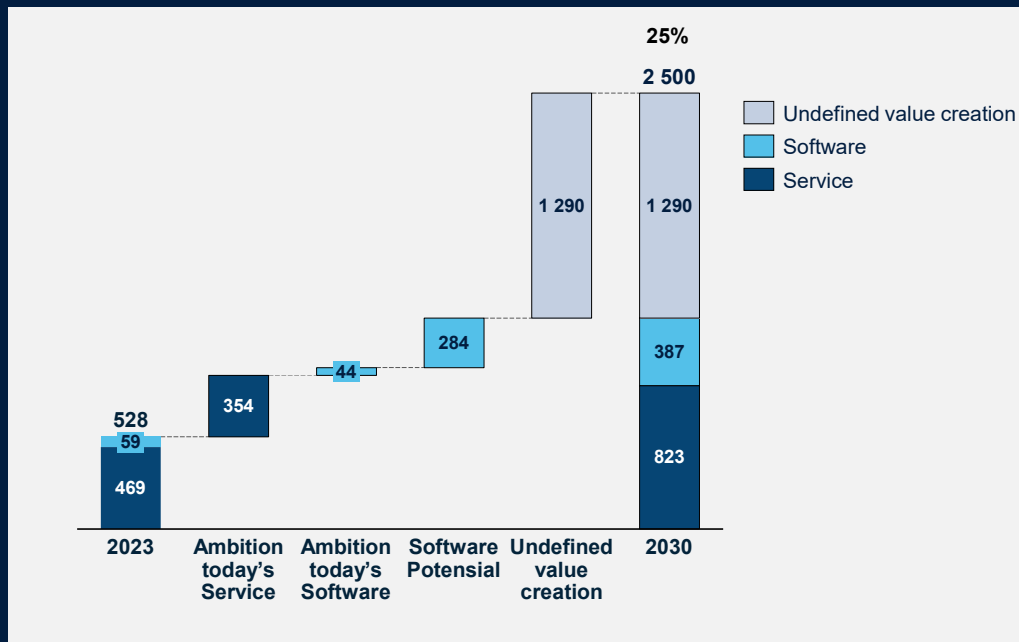
Estimated investments needed



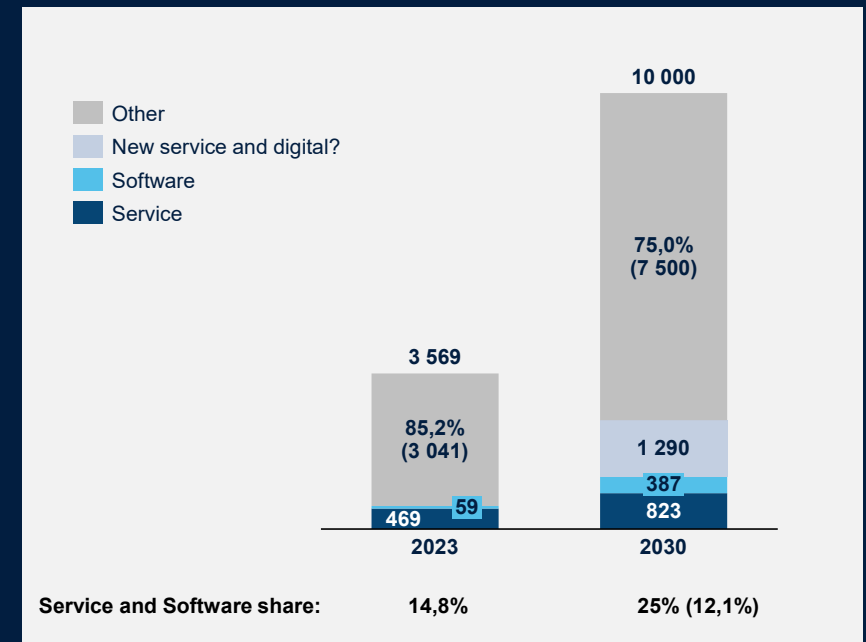


Ambition of 25% recurring revenues driven by digital and service (ex. aftermarket) – will require new revenue streams towards 2030

Recurring revenues



Service and Software revenues





Innhold

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4. Neste fase



Going into positioning, we have done a high-level assessment of competitive forces and competitive advantages – to be further detailed in next phase

We have done a high-level assessment of competitive forces*:



When intense rivalry - seek ways to differentiate (or explore new market):



Competitive advantages identified – to be verified:

- Global reach & market presence**
Staff in all core markets, broad range of products placed at customers, strong market share on several product categories
- Economies of scale**
Can achieve high efficiency and advantages through size, can take significant growth without increase in personnel
- Know-how**
High competence, expertise beyond many competitors on product categories, customer needs and correct solutions. Also on farming, animal welfare and ESG.
- Some proprietary technology
- High quality products, possibly higher than competitors on some products
- Future competitive advantage needed:
Innovation capabilities and agility – introducing new products and services

Source: M. Porter.

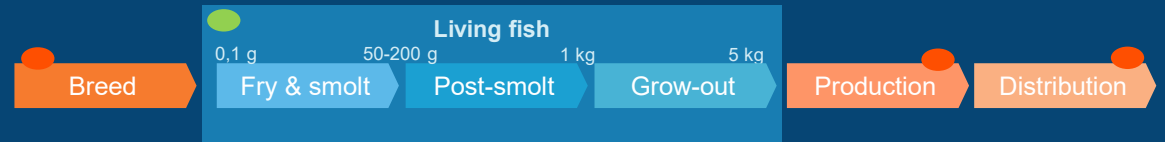
We will do a more detailed assessment of competitive forces in the market – is to be done in detail for every growth opportunity in the next phase of the strategy process



Positioning

From smolt to harvest

Value chain



Core markets

Project specific in emerging markets

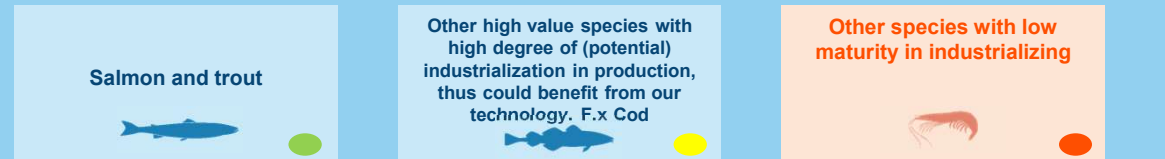
Geography

Norway, Chile, UK, Iceland, Faroe Islands, Oceania, Canada



Salmon and high value species

Species



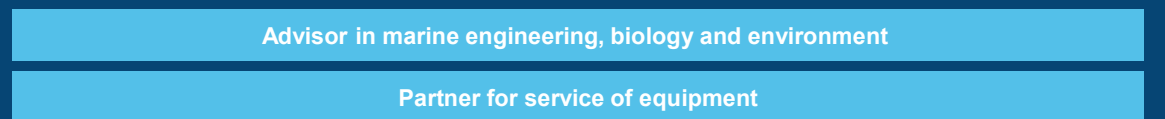
Full range high quality products and solutions

Products



Advisor and partner

Role and services





Strategy and objectives

Purpose	Shaping safe and sustainable aquaculture				
Vision	Leading and preferred partner to the global aquaculture industry				
Mission	Ensuring our customers have license to operate , and succeeding in making healthy salmon and high-value species of premium quality, at low cost, in a sustainable manner				
Customer challenges to solve	Reduce feed cost and optimize growth	Improve lice and disease management	Reduce waste and emissions	Make monitoring, control and compliance easy	
Financial ambition	We grow faster than our competitors, with higher margins, and with a high share of recurring revenues while being asset-light				
Objectives	Strengthen core business		Expand and develop new market		Position for emerging fields
	#1 Maximize value of product portfolio	#3 Develop operational excellence	#5 Trusted partner in new production technology	#7 Leading service provider	#9 Develop ESG business opportunities
	#2 Strengthen position in core markets	#4 Create industry leading employee engagement in a safe workplace	#6 Leverage digital technology	#8 Strategic positioning at low risk in landbased farming	#10 Active part of the energy transition in aquaculture
Capabilities	Advisor and complete solution provider				
	Innovation power 4% annual				
	Most attractive workplace in the industry				
Values	Build trust	Take responsibility	Go beyond		



Leading and preferred partner to the global aquaculture industry

By **leading**, we mean

- Grow faster than our competitors
- Have higher margins
- Have a high share of recurring revenues while being asset-light

By being the **preferred partner**, we mean

- We understand our customers needs and create the highest customer value
- Are an advisor to customers on complete solutions
- Making sure we find the right technology for the customer, so that they succeed
- Have high-quality products and innovation power

Our new vision represents a shift in mindset

- Converting from product supplier to **technology provider**
- Our staff as **proactive advisors** to the customer
- Giving customers advice on **complete solutions** – also delivering with sub-contractors or with competitors equipment if needed

Delivering growth to
10 BNOK with EBIT
levels of 10% with
20% ROIC by 2030 –
recurring revenues
representing 25%



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Planned deliverables from the strategy process

Deliverables in December

- ✓ Updated material on key drivers and market outlook
- ✓ Positioning (where to play) and competitive advantage (how to win) described
- ✓ Renewed vision, mission and ambition
- ✓ Prioritized list of growth opportunities - markets, products, services, customers, role in the value chain
- ✓ Strategic objectives

Deliverables in January to April

- ✓ Growth initiatives and operational excellence focus areas detailed
- ✓ Capabilities defined (e.g. innovation, M&A, organizational development, branding etc.)
- ✓ Roadmap and action plans for all three layers (group, synergy, business units)
- ✓ Long-term financial scenario
- ✓ Organization and governance model
- ✓ Plan for follow-up (KPIs, PMO etc)

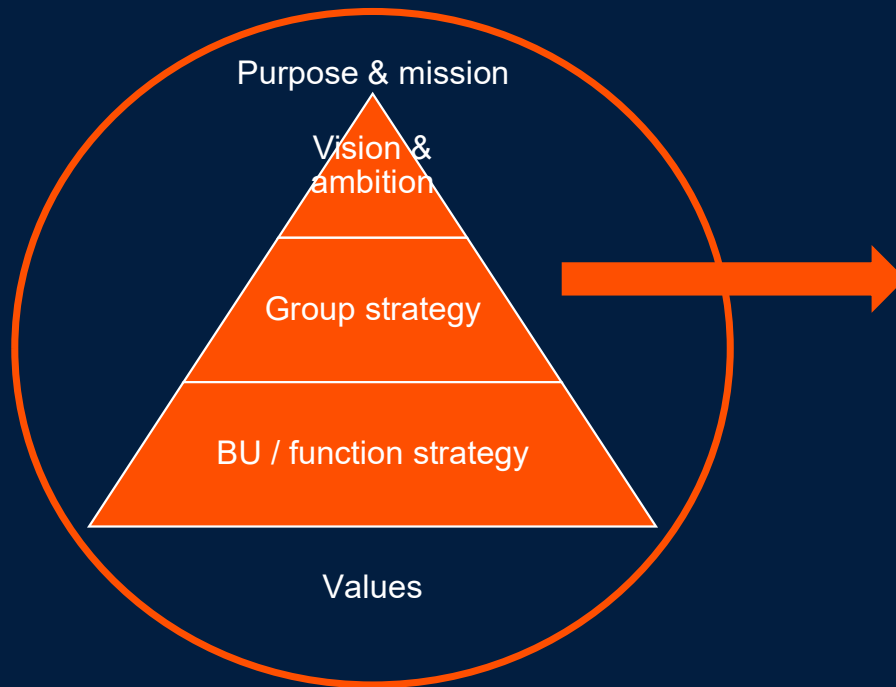


We are entering the next phase of detailing out the strategy and every objective





Positioning and strategic choices are written out in objectives, and are now going to be detailed out



The logic for the end-product we are building

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Values	Build trust Take responsibility Go beyond															





In the next phase all objectives will be detailed and end up with an executive summary – example:



Trusted partner in new production technology

- Delivering high quality products to market in time
- Trusted by customers as the leading technology partner
- Market leader in new production technology

Strategic targets 2030

- Revenues reaching 1.350 BNOK in 2030
- Market share of 30-40%
- High gross margins
- Correct time-to-market

Input based on
conclusions in Board
meeting 19/12

Priorities and initiatives

- ...
- ...

KPIs

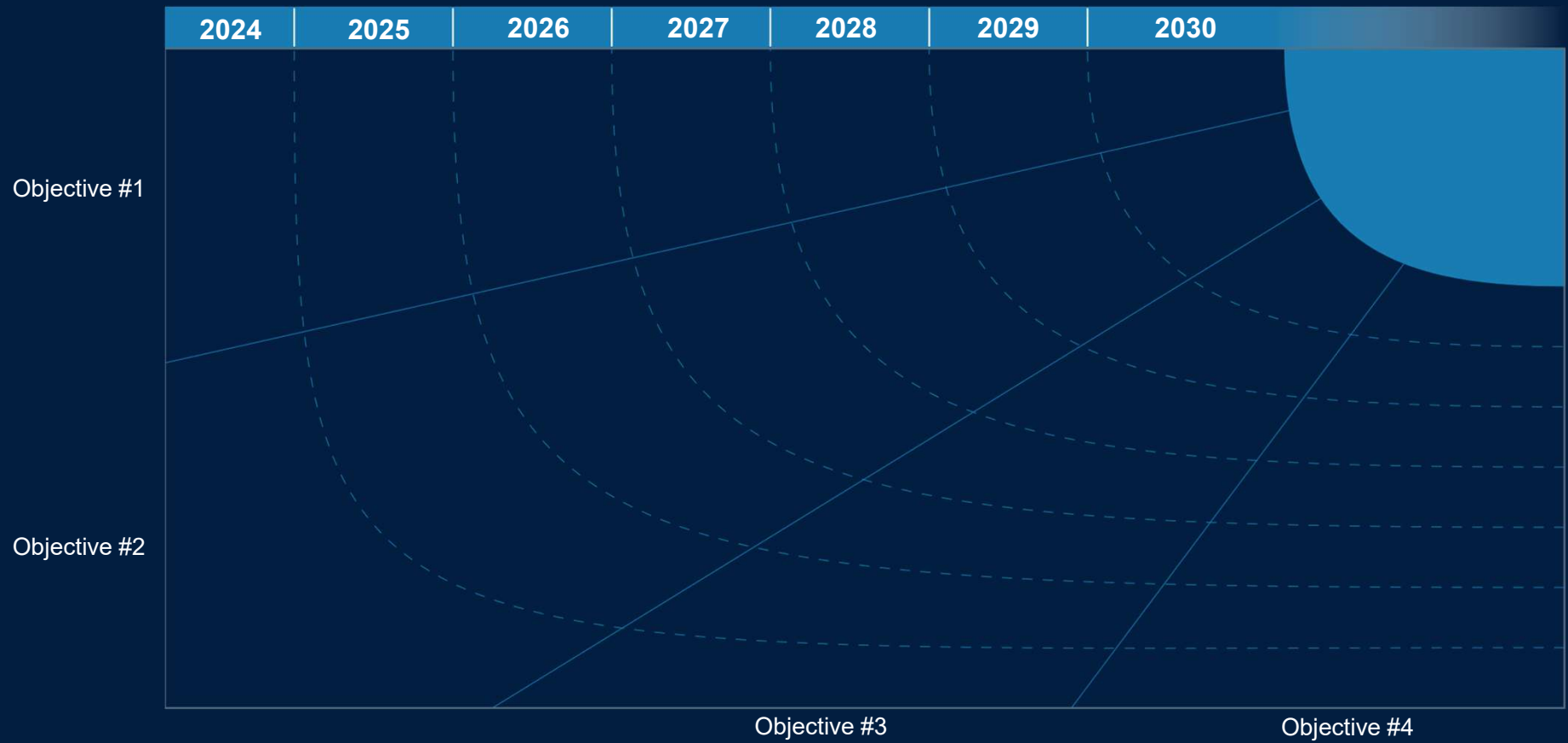


To be detailed and summarized in the next phase of the strategy process



Only for illustrative purposes

...and plan initiatives in a roadmap towards 2030





The objectives are ScaleAQ Group objectives, and will demand a cross functional approach in the next phase

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Capabilities	Advisor and complete solution provider Innovation power 4% annual Most attractive workplace in the industry															
Values	Build trust Take responsibility Go beyond															

The objectives are not (only) BU-specific objectives and therefore need to be addressed across BUs in next phase

Establishing cross functional teams to deliver detailing of the objectives

Believe this will give better results



As a part of describing the objectives, and how to succeed, we need to map out for each objective:

1. Verified market and customer needs
2. Description of competitive landscape, use of competitive advantages, and how to win
3. Priorities and initiatives to be carried out, incl. capabilities, investments etc
4. A roadmap to 2030
5. An action plan first 12 months
6. Validated and complete financial ambitions
7. Overview of risks and risk-reducing actions to succeed
8. KPIs to follow progress



Will ensure strong execution from April 2024



Reorganizing the project organization after 19/12 with project groups per objective

Steering committee

ELT

Function:

- Give guiding on direction and strategic choices
- Prioritize in time between objectives
- Conclude on deliverables
- Communicate, anchor and engage in own division

Project management office (PMO)

Project lead: Nina Olufsen

Financial modelling: Morten Brekken

Support to project lead: Simen Husby and Ellie Johansen

- Guide and direct activities and outcome towards new strategy conclusions, incl overall roadmap of initiatives
- Ensure coordination and involvement of key resources
- Assist project group leaders, incl. define and deliver framework
- Prepare material for discussions and conclusions in ELT
- Responsible for complete end deliverables to ELT and Board, incl recurring updates and aligning with Chairman of the Board
- Ensure communication to organization

Project groups

Objective #1: *TBD*

Objective #2: *TBD*

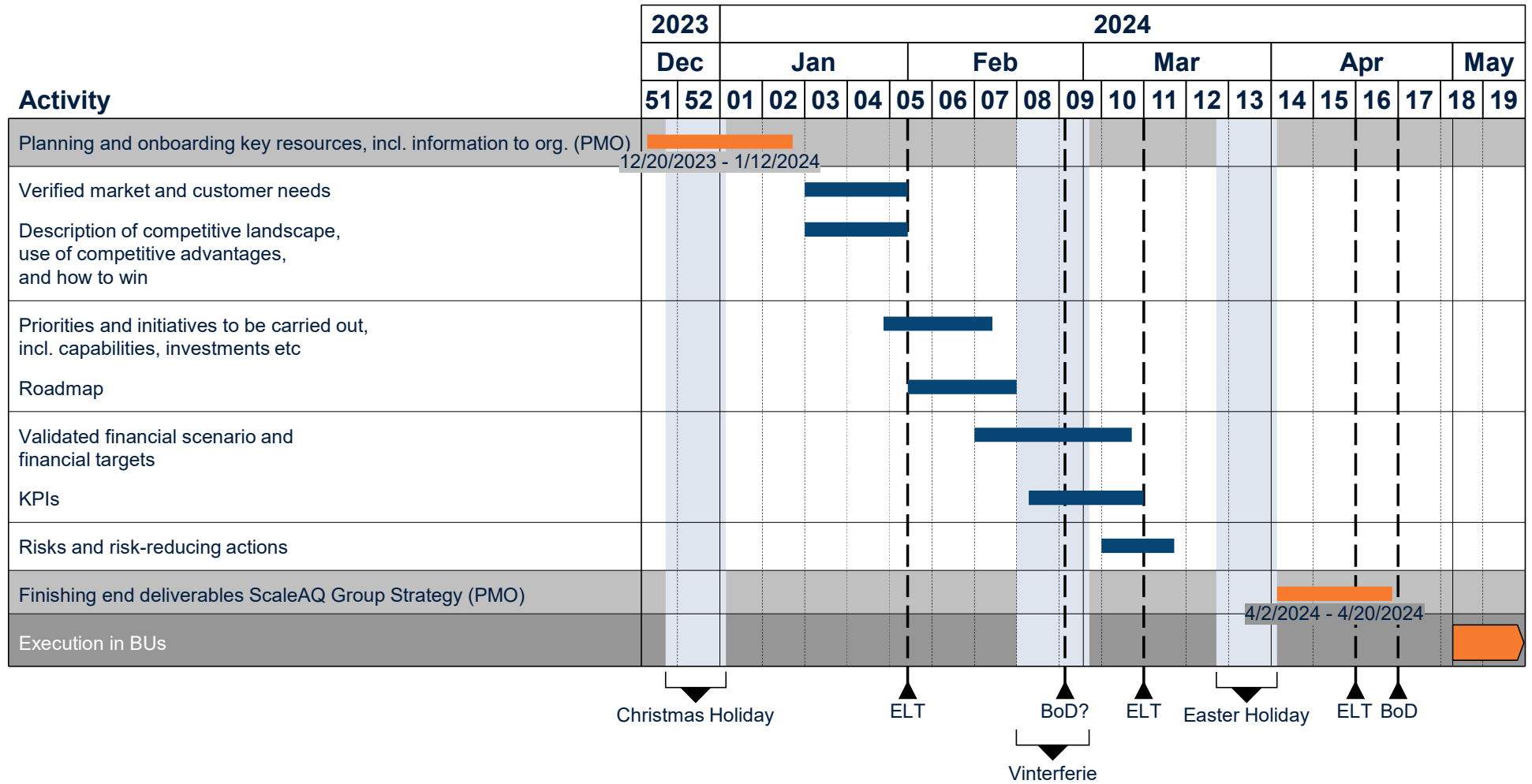
Objective #3: *TBD*

...

- Detail objectives in line with defined deliverables
- Involve key resources needed



Planned progress and deliverables in next phase



SCALEAQ GROUP

SCALE AQ
Seabased

SCALE AQ
Software

SCALE AQ
Chile

 Moen Marin
A PART OF SCALEAQ

MAKON
PART OF SCALEAQ