



# One ScaleAQ

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Monthly report for ScaleAQ Norway

February 2023



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# CEO update

It has been a good start to the year for Seabased – high and good activity yields results!

With Maskon formally as a part of the team, our group has become stronger and broader in our value chain towards the international aquaculture industry. We will use the time ahead of us to look more closely to best set up to support our various business areas.

In February we invited selected customers to join us for thematic talks at Beddingen and at SINTEF MARINTEK's tank, so that they could gain insight and understanding of how we work with the development of critical components for aquaculture. Internal resources that contributed to the event did a great job and it was great to see how satisfied and impressed our customers were.

We have an excellent network of sustainability ambassadors among our employees in ScaleAQ, and it is very inspiring to hear about all the good measures that are implemented across countries and divisions.

Thank you for your commitment, together we make the difference!



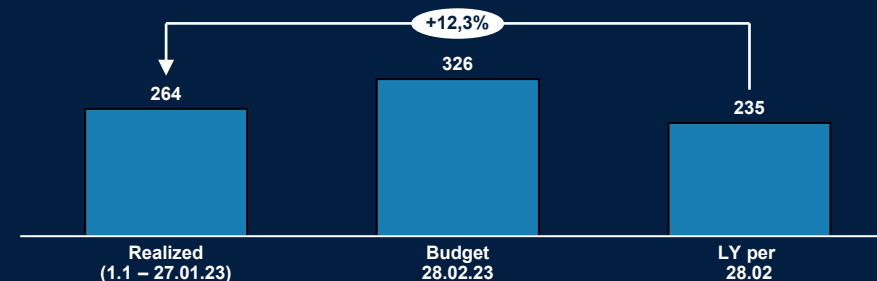
*From the customer event in relation with the tank test. From the left Lucie, Geir Erik, Terje, Ragnar from SinkabergHansen and Torstein.*



# Marketing and sales

- Still good momentum into 2023 with activity in all product categories. There is still reticence from customers in Norway before final clarifications on the structure of the resource rent tax.
- We are well ahead of last year, but behind the sales budget – Mainly due to shifts in barge sales where we have very high demand and capacity utilization. We expect this to level out over the year.
- Among the larger contracts last month was pens to Lerøy for a total of 20 MNOK, pens to Cermaq worth 8 MNOK and 50 cameras to SalMar worth 9 MNOK.
- There is otherwise generally a high level of activity on the rebuilding of feeding systems, pens and nets, as well as several processes on Thermolicer.
- In connection with the model testing on the ScaleAQ Subsea System in the MARINTEK tanks in Trondheim on 16 and 17 of February, a large event was held for around 50 customers, where many of the industry's most central decision makers gathered for talks and dinner at the head office in Trondheim. Several sales processes are being worked on as a direct result of this very successful event.
- A strategy meeting was held for Region South on 22 of February with broad participation from Sales, Supply Chain, Finance and several key functions – We are now working on an action plan to ensure that we achieve the goals we have set for ourselves in the region towards 2025.

Order intake Norway and ScaleAQ AS (Excluding. Moen Marin)\*



Strategy meeting Region South



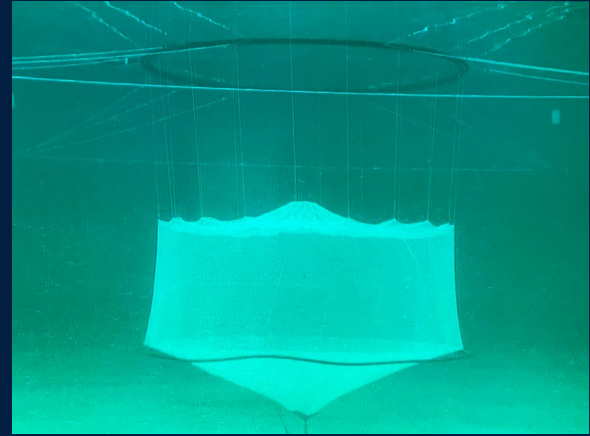
Customer event in relation with the tank test

\*Legal Norway – Numbers excluding Chile, local revenues and Moen Marin



# Operations

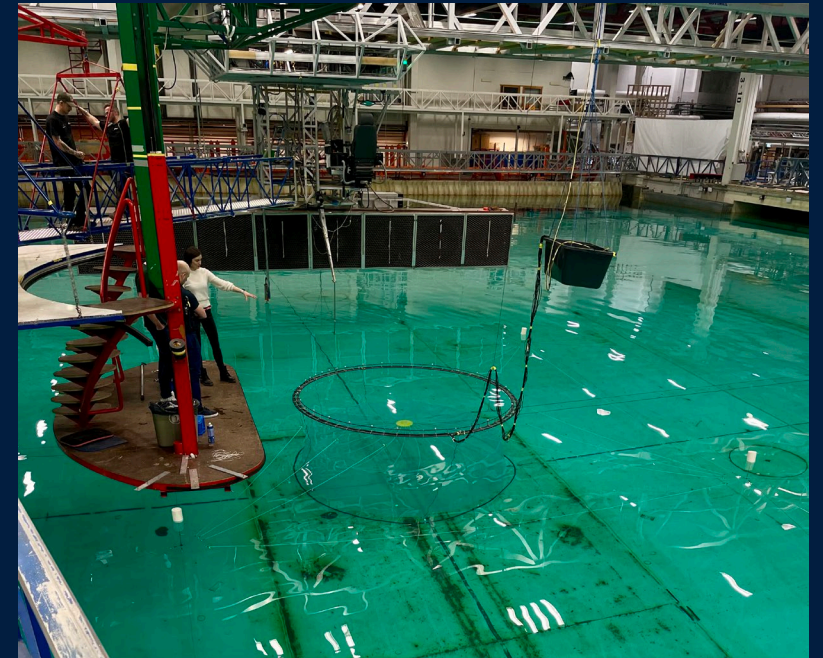
- Model testing of the ScaleAQ Subsea System was carried out in the MARINTEK tank in Trondheim on 16 and 17 of February. Selected customers were invited to see how we develop new systems in aquaculture. The testing was very successful and gave us an extremely good starting point for developing a concept that will take the industry to new heights. The Vortex concept and the Subsea system was presented to around 50 customers and decision makers. We also focused on our new concept for water feeding. On 21 and 22 February, SINTEF Exposed carried out testing in the MARINTEK tank with a well boat moored to our pen.
- Implementation of NYTEM23 and NS9415:2021 for our main components (barge, pens, nets and mooring) is well under way. The regulations and the standard tighten up the requirements for documentation of cooperation between main components and additional equipment. With over ten years of testing sea-based equipment in the MARINTEK tank, we have a basis for documenting the requirements for cooperation which is unique in the industry. We want to ensure that all the main components work seamlessly together and give our customers even more incentives to only choose us as supplier. This is done by showing that deliveries from us increase the reliability, efficiency and durability of the systems, thereby reducing downtime and operating costs for our customers.
- High activity in deliveries in many of our product segments places great demands on Operations ability to plan, produce and deliver in accordance with customer expectations. There are still demanding markets, but alternative suppliers and somewhat better access to components mean that we now have good delivery capabilities.
- Strategy meeting for Service was carried out in February. Service has had a profitable turnover growth of 55% since 2020. The service managers were gathered to create a strategy plan for the period 2023-2028 which will further develop this growth within existing activities as well as new concepts.





# Innovation and development

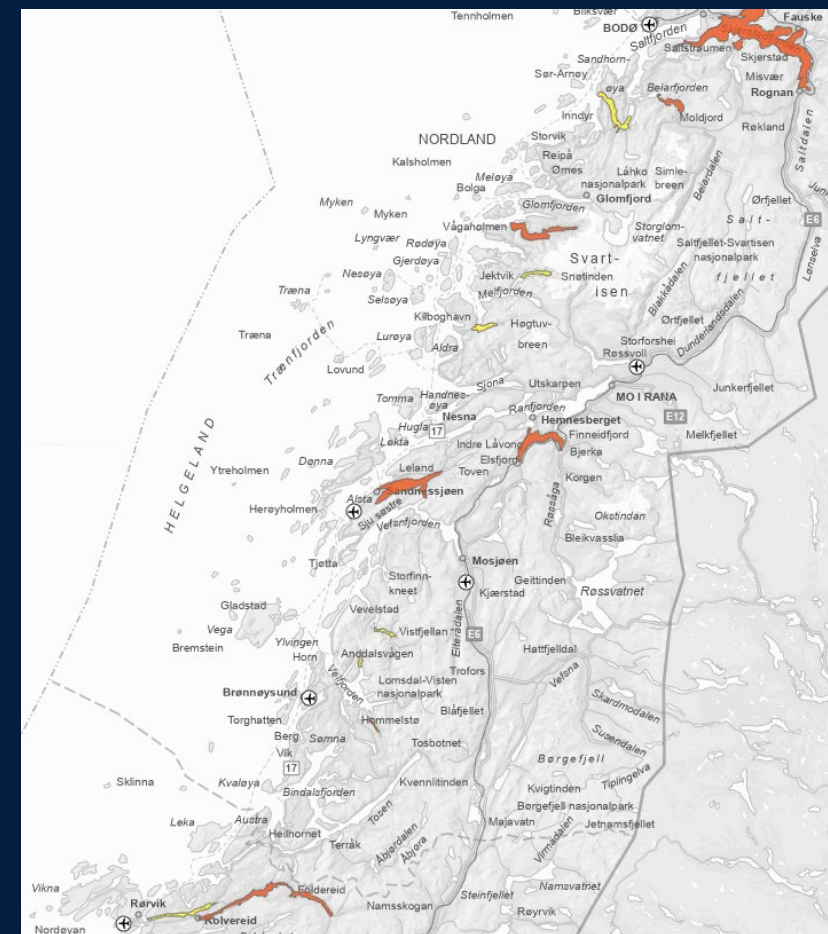
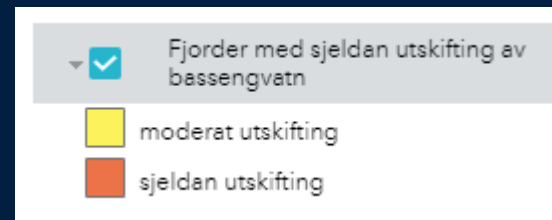
- Tank test of the Subsea system was carried out between 16 and 17 of January with good results. The testing shows that the system, as intended, stands up very predictably and well, and maintains its volume despite high environmental forces from waves and currents. The testing also shows that the air dome and the roof of the pen need good interaction, which will be the focus areas going forward.
- The plan going forward is to have a pilot solution in the sea from March/April, with the introduction of fish later in the spring. Commercial solution ready for AquaNor, with delivery options in Q1 2024.
- Great interest in the Subsea solution from customers indicates that the external perception of our system is very positive.
- Delays have occurred with the Vortex solution due to complications during the production of the fabric for the units. The complications are being resolved but seems to cause a delay of 2-3 weeks. This means correspondingly reduced time with testing and logging of environmental parameters until the fish is placed in the first unit. Beyond this, progress is as planned for the project.
- Subsea and Vortex are our prioritized projects at this point, but we are still mapping the opportunity space ScaleAQ has in terms of other development opportunities, such as closed solutions at sea (CAS) and mud solutions (will apply to several of our concepts).
- Exciting times ahead in other words.





# Sustainability and biology

- In the process of conducting biological risk assessment and designing biological user manuals for all new production concepts and products in ScaleAQ. This follows demands from the Norwegian Food Safety Authority and is described in the revised guidelines (2020).
- Rough mapping of all Norwegian farming locations regarding deep farming will be completed during February and made available in our systems during March. Together with digital tools developed by HI ([PreventLice app \(shinyapps.io\)](https://shinyapps.io/PreventLice)) will this provide a good starting point for discussions with customers regarding deep farming.
- Pilot customer on water feeding starting in February is closely monitored for biological results and optimal use of the system.
- The main audit for ISO14001 was carried out on 13 and 14 of February. The discrepancies are being worked on now, and we want the certificate by April.
- Nano course in sustainability is slightly delayed due to translations into Spanish and English, but will be sent out within a few weeks.
- Start-up meeting at Frøya for SirkAQ (Green Platform project) 28.02 and 01.03. Tour both at Hestnes and Nordhamarvik. The project was also presented at Speak-UP, which can be seen in a recording here: [SpeakUP – Information about Green Platform – ScaleAQ Intranet](#)



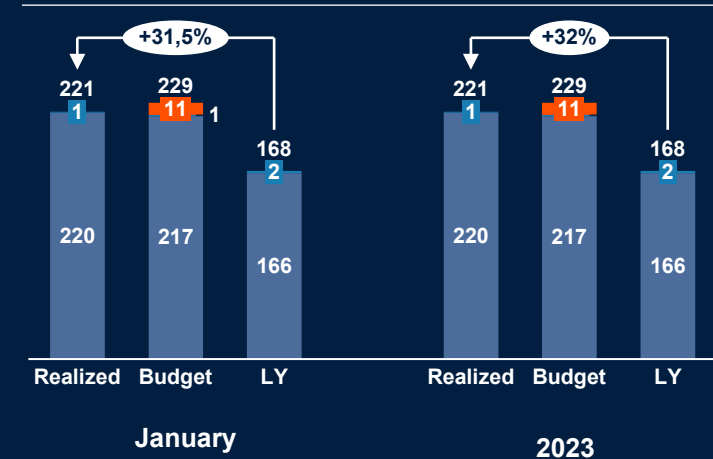


# Finance

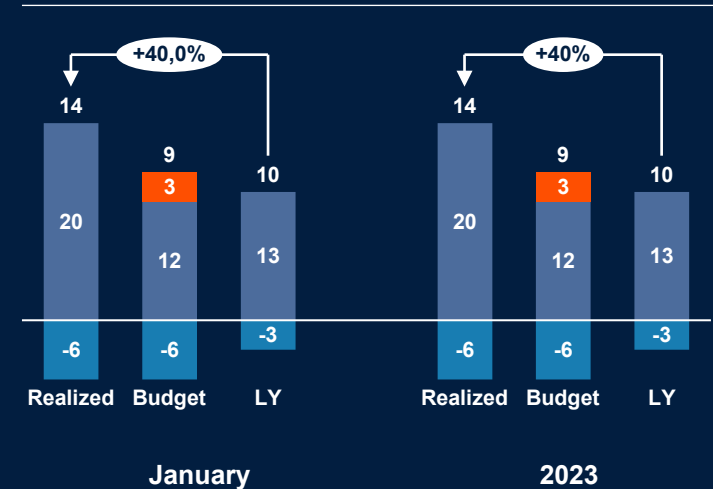
- Very good start to the year for Seabased – high activity boosts results.
  - Moen Marin delivered no boats in January, as planned.
  - High revenues in Seabased resulted in a good contribution to the bottom line.
- A good month for Barges, Mooring, Feeding and Service contributed to revenues ending well over 50 MNOK higher than the same period last year.
- A record number of barges in production, better access to components for mooring systems, very high activity within mooring and continued good pressure for service were the most important drivers.
- The order backlog is still at a record high – good order intake in January.

Maskon  
Boat  
Seabased

## Revenues (mill)



## Operating profit (mill)





# HSEQ – We take responsibility together



«If feels good to work in a company that takes HSE seriously. We have a broad product portfolio that affects a large part of our customers production phases in several areas. This gives us an equipment supplier a great responsibility. The products we make must be safe to use and have the smallest possible environmental footprint. Therefore, is it important to focus on HSE in all phases from development, production and installation to service. We can never completely remove the risk of unwanted incidents, but what perhaps sets us apart from other companies is how we handle incidents when they first happen and how we learn from them.»

- We welcome Gro B Stenhaug as a document controller in ScaleAQ. With that, we start a cleanup and better systematization of our management and production documentation. Fell free to contact Gro for questions or help!
- No major personal injuries in January and February – keep reporting, it's useful!
- Many audits of the company at the start of the year. Audits deals with products (e.g., anchorage, nets, pens...) and systems (ISO audit 9001 and 14001) with consistently good feedback from those who audits us.
- Risk assessments of product changes and new projects based on the NEW risk matrix for the entire company. Takes in several aspects at the same time, from HSE and Biology/Animal welfare, escape safety, to food/time, reputation and IT security. Feel free to contact Ellen Fossbakk for questions.
- We are working to find a new nationwide supplier of Corporate Health Services.
- The first AMU of the year has been held – contact your local safety representative for a review of the topics that were raised.
- We are working on getting more work processes documented – important so we can ensure that we work more alike.
- Several OPL's (One-point lessons) have been established – a great way to capture and spread good work practice – please contact Roger Anglevik with proposals for OPL's.

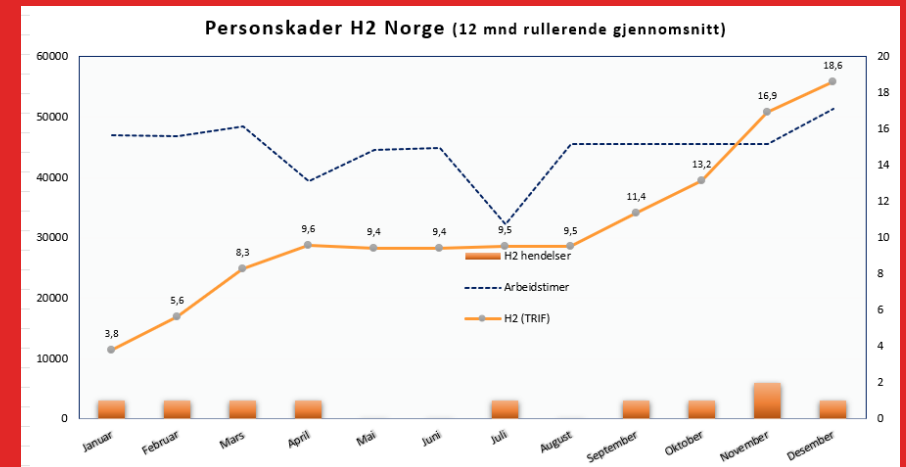


Every month raises HSE a «voice of the employees» to gain more insight into our strengths and potential for improvements. This month is Thomas Wiig, Technical Director Mechatronics, the employee's voice.



«...Still, we can probably become even better at ensuring that the necessary measures and learning/experiences we gain reach far enough out in the organization so that it benefits everyone in ScaleAQ, and subsequently all our customers.»

Still high injury rate – everyone must help to bring it down! From planning, to risk assessments, to the visible presence of managers are some key words.





# Digital

## Global SW-agreement with Mowi

We have signed a global agreements with Mowi regarding operational software, i.e., Feedstation, Vision and BargeControl. This means:

1. Agreed monthly payment for licenses for Feedstation 2x, Vision 2x and Barge Control.
2. Discount structure based on total volume of licenses globally.
3. Central handling of quarterly invoicing.
4. License discussions will no longer be a disruptive element in sales processes regarding cameras, barges or feeding.

s.

## Product development Operational Software

- Work started on SiteControl – a new system to take care of needs related to Vortex, Subsea, mort handling with more (all digital monitoring and management on site).
- New version of BargeControl will eventually be included under SiteControl.
- System support for the new hybrid system from Zem is well under way but is slow due to delayed digital deliveries from Zem.



## New employments:

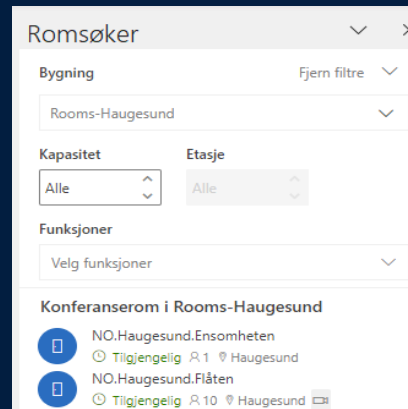
No new employees have started in February.

## Employees terminating:

Vegard Brekke Løvig	Senior Product Developer Mechatronic	Haugesund	28.02.2023
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## Brief message from IT:

- Room finder activated when booking meeting rooms at all locations.
- Private content services. Payment requirements come as VIPPS requirements via SMS to the individual. It is important to pay these as soon as possible so that the claim is not directed against ScaleAQ.
- Please contact [itsupport@scaleaq.com](mailto:itsupport@scaleaq.com) if assistance is required.



## Administration of absences/holidays:

We remind you that EVERYONE must enter holidays and absences (own illness, child's illness, leave) in PROPLAN.

Timekeeping in March: hours must be entered every week and approved the following week, since Easter holiday affects payroll at the beginning of April.

## New HR-system: SIMPLOYER



Implementation of the new HR system continues, directed by HR. We encourage all employees to go to their own profile and update:

- Address
- Relatives
- Children
- Account number
- Please insert a profile picture

New email address for contacting HR:

[hr@scaleaq.com](mailto:hr@scaleaq.com)



# Moen Marin

- There is currently very high activity at our reception base at Kolvereid. A total of 8 boats are now ready for the final touches before delivery/collection by our customers. These boats will be delivered continuously throughout the spring.
- There is still high travel and trade show activity in the sales department. We are experiencing good interest in both vessels, equipment and digital, and we have an increasing mass of leads.
- After the launch of the collaboration with SES-X Marine Technologies regarding a 100% electric high-speed boat, we have experienced great demand from the market.





# Maskon

- On the 17th of February, the shares were transferred from Skala to ScaleAQ following the approval from the Competition Authority.
- The migration process from Skala to ScaleAQ is in full swing. IT and marketing are prioritized first.

## New sales in January:

- VX-8 with 6" pump to Iceland, VX-8 to Canada, L2 VX to Nekton-Smøla, 8" fish pumps to Artic Smolt Iceland.
- Salten Smolt to double stickers, Hiddenfjord buffer tank (G2) 4 Archimedes screws and 6" pump station.



Name change from Skala Maskon to Maskon



Delivery of first 4 " pump station with 3 pcs 4 " pumps to SalMar Senja. It will be used to pump smolt of approx. 10-20g in 3 weight classes from a sorting machine.