



Katapult
Ocean

Katapult Ocean

UNEP FI Sustainable Blue Economy
Finance Initiative Annual Report 2022

May 26th 2023

Section Overview

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Katapult Ocean UNEP FI Sustainable Blue Economy Finance Initiative Annual Report 2022

The information in this report is provided and written by Katapult Ocean and should not be interpreted as advice from Katapult Ocean or any of its employees. The information is meant as an update from the company to UNEP and is not intended as an invitation to conduct any investment activity.

Please bear in mind that the information in this document is not supposed to be shared or in any other matter distributed to a third party.

Reporting Period

01 January 2022 and 31 December 2022 unless otherwise stated.

Organisation Summary and Update from the manager

Katapult Ocean is an investment vehicle part of Katapult Group, that aims to catalyse capital and tech for good.

Katapult Ocean invests and supports early-stage ocean impact startups that make or are aiming at making a positive impact on the ocean, and we do that via our 12-week accelerator programme, continuous work with our portfolio companies, both supporting their impact framework and strategy, and by doing follow-on investments through our Deep Blue fund. We're assisting our portfolio companies on their fundraising journey - as we believe that the more our impact-intentional founders can grow their companies, the more impact we will see in the world.

When we consider companies for investment, we look for companies that are scalable and with potential for having a big positive impact on the ocean. Initial benchmarking towards the SDG's and our defined impact framework. We look at:

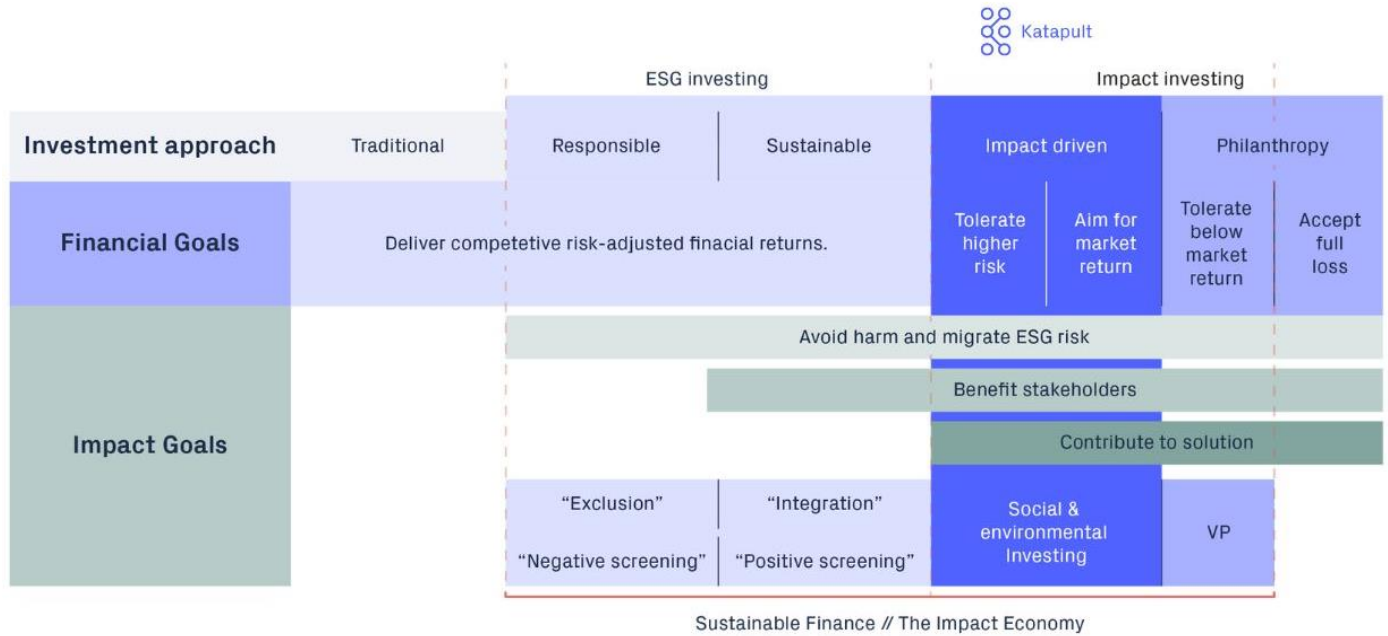
- Intentionality: Is impact integral to the companies' organisation?
- The company's purpose.
- Consider the five dimensions of impact, IMP metrics.
- Environmental, social, governance (ESG) assessment.
- Mapping of SDG's.
- Potential risks of having a negative impact or not achieving the intended impact.

On our organisation front, Katapult Ocean had added some brilliant minds to our team during the last year with our Investment Manager Anthony Bellafiore, Senior investment associate, Sam Selig and Deal Flow Analyst, Kabir Parker. The rest of the ocean team consists of Investment Director Ross Brooks and Impact Director Ingrid Maurstad. We're also working closely with the rest of the Katapult organisation; Katapult Group, Katapult Climate and Katapult Africa.

Jonas Svegaarden
CEO of Katapult Ocean

Katapult Oceans Investment Thesis, Theory of Change, and alignment to UNEP FI Sustainable Blue Economy Finance Initiative

Katapult Ocean’s investment approach



Katapult Ocean’s Vision & Mission

Vision	A world where a thriving ocean is in harmony with economic development
Mission	<ul style="list-style-type: none"> - Invest in startups with a positive impact on our ocean. - Catalyse capital, companies, and startups to accelerate the blue shift in the ocean industries. As part of this, inspire corporations, research institutions, and investors on the importance of working with startups in the most impactful way. - Steward ocean tech startups to achieve the UN Sustainable Development Goals with a main focus on SDG 14 - Life Below Water, SDG 13 - Climate Action, SDG 6 Clean Water and SDG 2 Zero Hunger
Impact Goals	We will catalyse over NOK 1 000mn (~EUR 101mn) into ocean impact investing within 2025

Investment thesis

We invest in top performing teams that have the future solutions to the climate (SDG 13), Ocean (SDG 14), Food (SDG 2) and Water (SDG 6) challenges of our world. More precisely, we invest in Ocean impact companies that solve climate and biodiversity challenges, provide food and clean water for people globally, with a no animal harm approach.

Impact investing for measurable market and climate returns in ocean domains:

- **Ocean Organics:**
 - seaweed, algae, alternative proteins, new organic materials.
- **Energy systems:**
 - wind, solar, wave, tidal, propulsion systems, fuel types, storage.
- **Circular Resources:**
 - ocean regeneration and biodiversity, clean water, waste management.

Since inception in 2018, we've done 52 investments worldwide through the different funds in Katapult Ocean.

52 Ocean investments



Impact from Entry to Exit

The Katapult system is set up to maximise our portfolio companies' positive impact in line with our Theory of Change. Our four stage process to maximise impact from Entry to Exit is detailed in the table below. In line with our continuous improvement, we also recognise the need to adopt and better this process over time in a transparent and collaborative way.

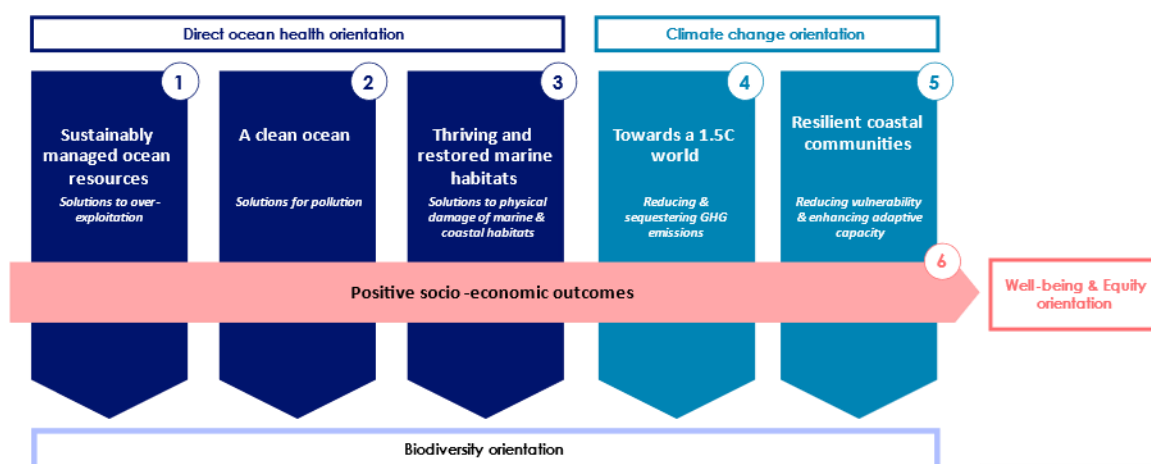


Impact measurement and management

Katapult Ocean is part of the steering committee of 1000 Ocean Startups, a coalition of investors, accelerators and competitions committed to backing at least 1000 transformative ocean startups by 2030. With the help of Systemiq, Ocean Impact Navigator, an ocean impact framework was developed and launched in 2022. Katapult Ocean is using this framework as a starting point when working with our portfolio companies on measuring and managing their impact.

The KPIs are organised within six main impact areas.

The Ocean Impact Navigator consists of 30 KPIs in six main impact areas. Together, the KPIs capture the ways in which ocean innovations impact ocean health, climate change and biodiversity, and reflect the potential cross-cutting contribution of interventions to well-being and equity.

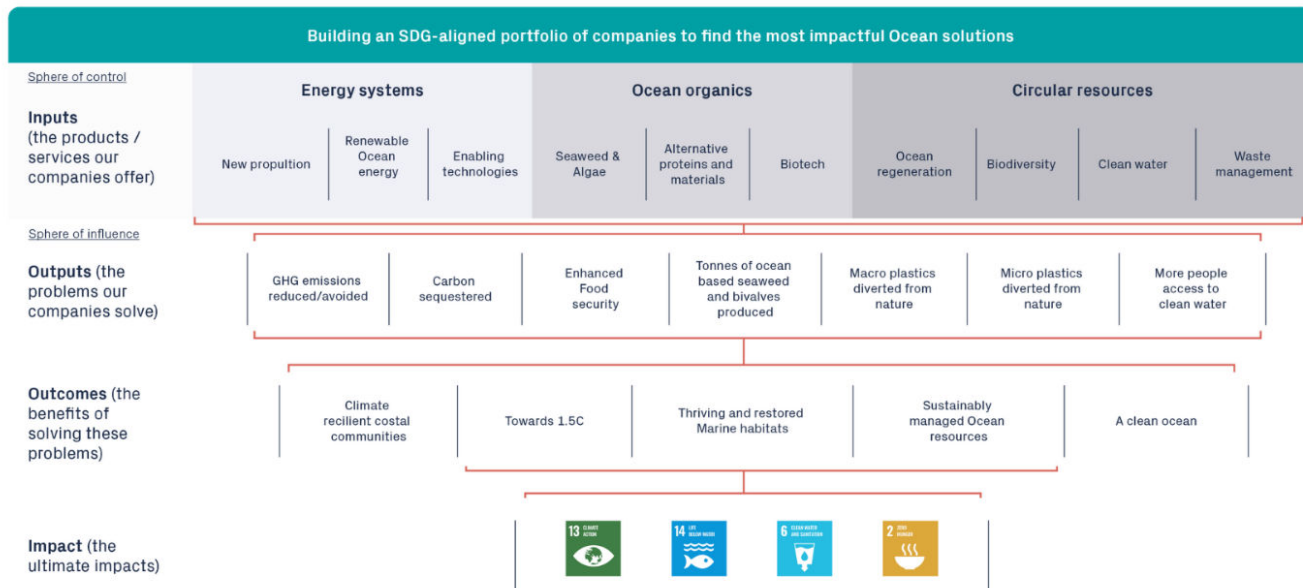


The framework consists of 30 KPIs spanning the six impact areas.

Impact Area	Indicator
A. Sustainably managed ocean resources	A1 Volume of biomass preserved or restored
	A2 Volume of seafood waste reduced
	A3 Welfare of marine life
	A4 Tonnes of ocean-based seaweed and bivalves produced
B. A clean ocean	B1 Volume of primary micro-plastics diverted from nature (or landfill)
	B2 Volume of macro-plastic diverted from nature (or landfill)
	B3 Nitrogen/Phosphorous pollution mitigated (i.e. reduced, avoided or bioremediated)
	B4 Volume of contaminated waste water from land-based sources diverted from waterways
C. Thriving and restored marine habitats	B5 Invasive species reduced or avoided
	B6 Reduction in [other] pollution (e.g. heavy metals, chemicals, sound etc.)
	C1 Area of coral reefs protected or restored
	C2 Area of mangroves protected or restored
	C3 Area of seagrasses protected or restored
	C4 Area of salt marshes protected or restored
D. Towards 1.5C	C5 Area of kelp forest protected or restored
	C6 Area of [other habitat] protected or restored
	D1 GHG emissions reduced or avoided
	D2 GHG emissions generated
	D3 Carbon sequestered
E. Climate-resilient coastal communities	D4 NOx emissions mitigated
	D5 SOx emissions mitigated
	E1 Length of coastline protected
	E2 Use of ocean information products/services in decision-making to support climate adaptation & resilience
F. Positive socio-economic outcomes	E3 Number of people supported to adapt to climate change
	E4 Enhanced food security
	F1 Number of jobs created
	F2 People completing education / training programmes
	F3 Share of employees that are women
	F4 Ratios of average entry level wage compared to local minimum wage at significant locations of operation
	F5 Particulate emissions mitigated

Targeted upside impact strategy.

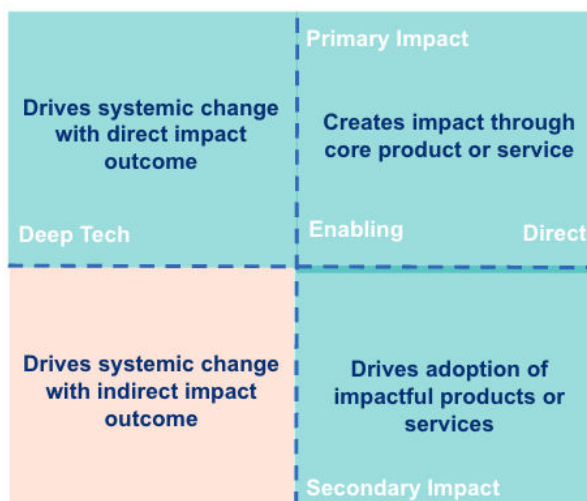
In Katapult Ocean we invest in startups that solve climate and biodiversity challenges, provide food and clean water for people globally within the three categories Energy Systems, Ocean Organics and Circular Resources. We know that SDG 14 - Life Below Water, is the least funded of the SDGs and that's why we believe that there is no better time than now for conducting Ocean impact investments. We've committed to report on the 30 metrics in the Ocean Impact Navigator presented earlier. Katapult Ocean focuses on the fundamental environmental externality drivers. To secure that we maximise the impact of our funds, we have developed this Theory of Change that shows the connection between what we invest in and the impact we're targeting.



Our portfolios can be divided into the different investment categories as stated in the table below.



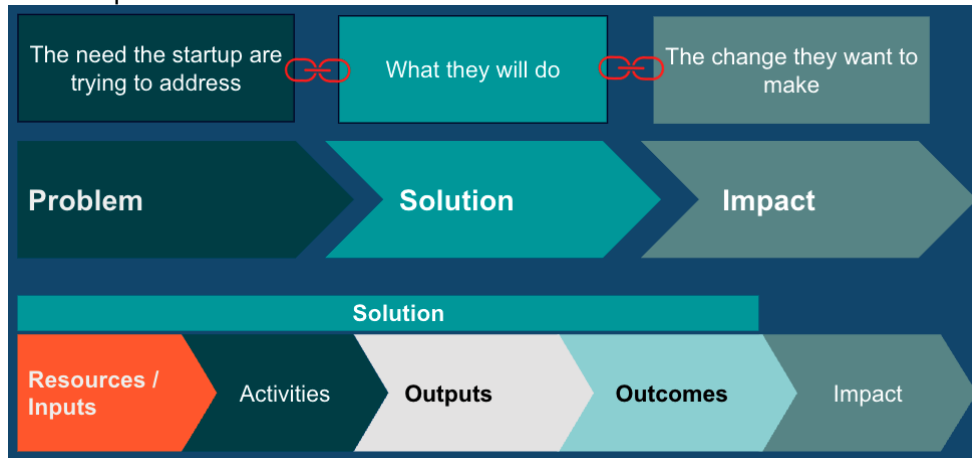
Our technology impact strategy evolves around 3 main drivers:



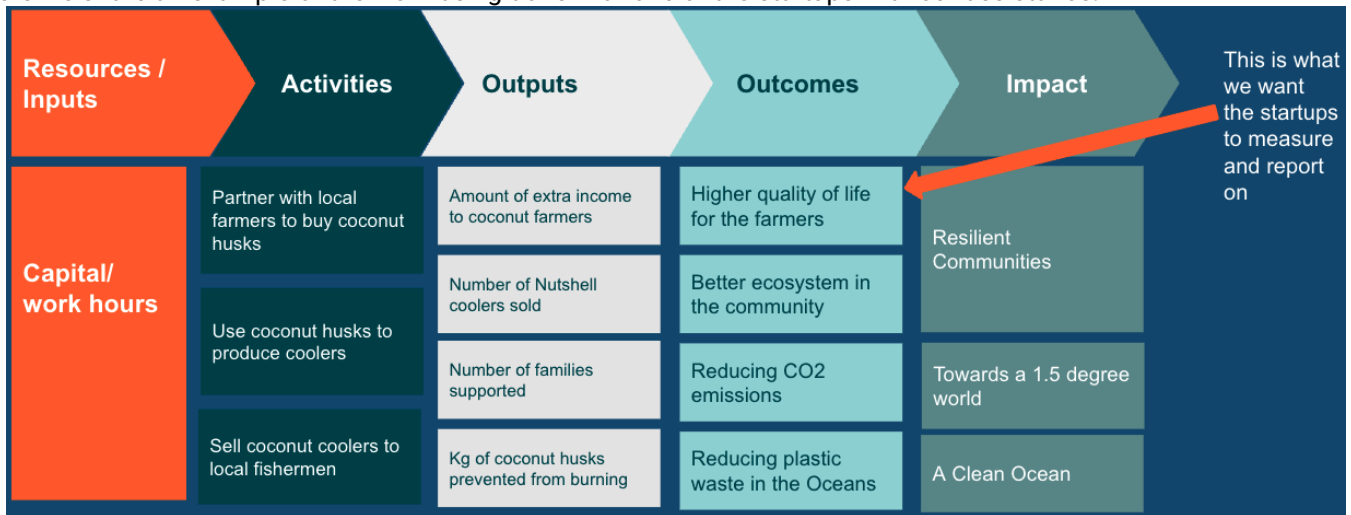
Impact Characteristics		Portfolio target
1	Direct impact cases: the “what, who, how, risks” are well-defined. These investments tend to have impact as a primary feature and a top-level priority, and map well to the SDG’s without having to make abstract leaps of reasoning.	60-70%
2	Enabling impact cases: technologies and investment cases where the dimensions of impact effects are strong but where the solution is enabling others to have impact. Example cases may be companies that have the potential to disrupt industries or dramatically reduce costs of various essential goods or services.	20-30%
3	Deep tech impact cases: Potentially systemically impactful investments. These will sometimes have unclear valence, high execution uncertainty, or represent efforts to mitigate systemic downside risk. Embedding intentionality here is even more critical than in the other categories. Stewardship of the technologies for positive impact will be the most significant contribution that we can have as an investor.	Max 10%

Once Katapult Ocean invests, the startups participate in a 12-week accelerator programme, in which one third is spent on impact management strategy. Our team members and mentors work closely with the companies in different aspects of the business, that will reflect their positive impacts and address mitigation of negative outcomes. To improve the startups’ impact strategy, measurement, communication, and operations we host several sessions focusing on the startup’s Theory of Change, Five dimensions of Impact, and relevant impact metrics through both joint sessions and one-to-one sessions.

These tools help the startups to describe the links between:



Here we share an example of the work being done with one of the startups with our assistance:



All 2022 Katapult Ocean’s investments were made according to the recommendations from the Turning the Tide Criteria, and during our accelerator programme we worked closely with our onboarded companies to avoid potential negative direct and indirect impact, listed by UNEP with a “Challenge” action.

Out of the Five Key Ocean sectors chosen (Maritime Transportation, Ports, Seafood, Coastal Tourism and Marine Renewable Energy) Katapult Ocean invested in 3: *Maritime Transportation*, *Seafood* and *Marine Renewable Energy*, following our investment thesis.

Seafood

				2022 Invested companies related to the indicator
Aquaculture	Products or services that are supporting the aquaculture sector to reduce the need for harmful chemicals, antimicrobials or pesticides in pursuit of more responsible production and reducing antimicrobial resistance.	SEEK OUT	Seek out products and services that support companies to achieve recognised targets and limits on responsible usage through professional advice and guidance, within global best practice standards.	Algae-C Oceanfarmr
Aquaculture	Producing, sourcing or selling marine or terrestrial ingredients for aquaculture feed that meet	SEEK OUT	Seek out companies that are meeting feed best practice standards from leading – and	Full Circle Biotech Ittinsect

	leading – and where possible – globally benchmarked standards.		where possible – globally benchmarked standards.	
Aquaculture	Producing, sourcing or selling alternatives to marine ingredients that allow companies to lower their overall footprint.	SEEK OUT	Seek out companies that have evaluated environmental and social trade-offs related to feed and are producing or sourcing the lowest impact alternative.	Full Circle Biotech Ittinsect Ocean’s Balance Carbonwave

Maritime Transportation

Ship construction and destruction	Designing and building ships with a view to reducing waste and pollution, and prolonging asset life.	SEEK OUT	Seek out companies that build or retrofit vessels with end-life cycle in mind. Explore leasing of new green technology .	Hyrex Zeabuz
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Marine renewable energy

Floating offshore wind	Development and operation of floating offshore wind facilities that do not seek to minimise disruption to wildlife in the form of entanglement with anchorage or mooring structures.	CHALLENGE	Require developers to understand the potential impacts of these structures on marine animals to gain clarity on the magnitude of the impact and take mitigating actions.	Jet Engineering
Floating offshore wind	Planning and development of mooring and anchorage for floating offshore wind platforms, and construction of platforms and ancillary structures (cabling, service platforms and substations) that strives for best practice and shares learning with other developers.	SEEK OUT	Seek out developers leading the way in identifying and establishing best practice for mitigating the impacts of floating offshore wind on the seabed that share learnings with other developers.	Jet Engineering
Common	Non-sensitive developer data collection for baselining and monitoring of impact is freely shared and included in company reporting.	SEEK OUT	Seek out developers that are transparent with their baselining and monitoring data for impact (recognising some data will be sensitive to commercial operations) and working to share knowledge to improve understanding while developing and operating their businesses.	Jet Engineering

Cross-cutting issues	Lack of policy regarding racial, gender (or other) equality in company or supply chain	CHALLENGE	Require companies to commit to the creation and implementation of a policy to address gender and racial equality including – where possible – in associated supply chains	ALL
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In addition to the 3 Key Ocean Sectors described, Katapult Ocean is dedicated to investing in startups and technologies that impact the oceans in other ways, by reducing GHG emissions, reducing land-waste and ocean bound emissions, and effectively stewardship of frontier technologies.

Going forward

Moreover, throughout the year, Katapult Ocean has prepared for the next batch of investments to be done in 2023 by fine tuning our Investment Thesis, also considering that in 2023 Katapult Ocean’s investments will be done with the consideration of the Deep Blue Follow on fund that gives us the opportunity to do follow on investments in the best performing of the startups that we have done accelerator investments in.

Summary of Activities

Investments

A summary of investments made during 2022 can be found below:

1. Algae-C (USA)

Algae-C is pioneering the next major step in biomanufacturing, allowing for even the rarest of drug ingredients to be manufactured at a low-cost and in a sustainable manner. Our technology platform will help to create a world where drug availability and accessibility are no longer a problem.

2. Better Packaging Co (New Zealand)

Better Packaging are producing POLLAST!C, - the world's first mailing satchels and poly bags made from 100% recycled ocean bound plastic pollution. This packaging has a carbon footprint 75% smaller than traditional virgin plastic.

3. Carbonwave (USA)

Carbonwave upcycles the over-supply of Sargassum, creating high performance biomaterials to replace fossil and animal-based products.

4. Full Circle Biotechnology (Thailand)

Full Circle Biotechnology uses agricultural waste to generate protein via a combination of insects and microbes, with unprecedented yield rates. This allows the startup to produce a low-carbon soy or fishmeal replacement that improves animal health.

5. Hyrex

Recreational boats are one of biggest sources of CO2 emissions along the Norwegian coast with more than 1 million boats. By combining a battery for short trip usage with a hydrogen fuel cell range extender the startup has been able to reduce weight by 70% and cost by 80% compared to an equivalent battery-only system.

6. Ittinsect

Ittinsect is a biotech startup that has developed a sustainable alternative to aquaculture feed. The startup produces high performance feeds through the microbiological treatment of novel raw ingredients including insects, microalgae and agricultural by-products, in line with the circular economy principles.

7. Jet Engineering

Jet Engineering System Solutions provide 5G mesh communications in the marine environment.

8. Ocean's Balance

Ocean's Balance is making seaweed accessible to shoppers that previously wouldn't try it. The startup focus on creating products that first and foremost are delicious including our award winning pasta sauces and seasoning blends that have won Sofi and NEXTY awards.

9. Oceansfarmr

Oceansfarmr's farm operations software is focused on optimising crop, labour and assets. The startup delivers critical insights into farm performance to enable increased capital investment on oyster, mussel and seaweed farms.

10. Zeabuz

Zeabuz develops scalable autonomy technology for waterborne mobility. Autonomy, combined with battery-electric drive, changes the game completely by reducing cost through crew optimisation, energy and operations optimisation, as well as enabling many small vessels to serve the market according to customer needs with high frequency departures.

Divestments

There were no divestments in the 12 months to 31 December 2022 from Katapult Ocean Funds 1, 2 or 3.

Companies in the Katapult Ocean Portfolio

Fund 1 - 2019 Investments

1. Fishency Innovation
2. Ichthion
3. Evoy
4. Brim Holding
5. RemoraXYZ
6. Ship Reality
7. The Ocean Bottle
8. UNDERSEE
9. SubseaX
10. Recyglo
11. Atlan Space

12. Innomar
13. ARC Marine
14. Sanoor Technologies
15. Tracio
16. Pinovo
17. Oceanium
18. Nautix Technologies
19. Raino Tech4Impact
20. Marimetrics
21. Algeaing (formerly Alga-life)
22. Saathi

Fund 2 - 2020 Investments

23. Ecospears
24. Matter
25. Ocean Rainforest

26. Hydrosurv
27. Paralenz
28. Aquammodate
29. Hooked
30. Desolenator
31. SolarDuck
32. Fortuna Cools

Fund 3 - 2021 Investments

33. 12 Tides
34. ACUA Ocean
35. Biofeyn
36. Brayfoil
37. Freepower Solar Boat
38. Gazelle Wind Power
39. GKinetic
40. Oregon Seaweed
41. Softseaweed
42. Umami Meats

Fund 4 - 2022 Investments

43. Algae-C
44. Better Packaging Co
45. Carbonwave
46. Full Circle Biotechnology
47. Hyrex
48. Ittinsect
49. Jet Engineering System Solutions
50. Ocean's Balance
51. Oceanfarmr
52. Zeabuz

Katapult Ocean continues to work with the companies to define their core impact and metrics- which will evolve and solidify as companies begin to deliver and scale their solutions. On top of the impact to the ocean, at the end December 2022, the portfolio companies from all 3 of Katapult Ocean's funds, plus 10 seed-stage Ocean investments in the Deep Blue fund, employ 686 employees (FTE).

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