

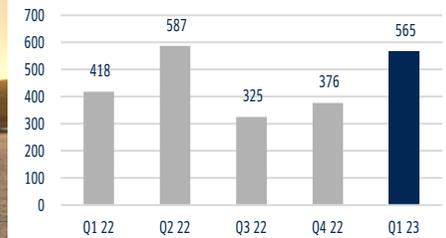
# INTERIM REPORT

## Q1 2023

HARVEST VOLUME TGW



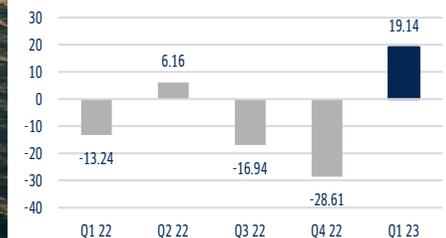
OPERATIONAL EBIT MDKK



OPERATIONAL EBIT VAP AND FARMING FO  
DKK/KG



OPERATIONAL EBIT SCT DKK/KG



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# Highlights

DKK M	Q1 2023	Q1 2022
<b>INCOME STATEMENT</b>		
Group - Operating revenue	2,050	1,639
Group - Operational EBIT*	565	418
Group - EBIT	605	510
Group - Profit for the period	467	405
Operational EBIT* (FO Farming and VAP)	321	442
Operational EBIT/kg (FO Farming and VAP) (DKK)	29.14	25.32
Operational EBIT/kg (FO Farming and VAP) (NOK)	42.98	33.79
Farming Faroe Islands - Operating revenue	1,097	1,199
Farming Faroe Islands - Operational EBIT*	314	471
Farming Faroe Islands - Operational EBIT margin	29%	39%
Farming Faroe Islands - Operational EBIT/kg (DKK)	28.57	27.00
Farming Faroe Islands - Operational EBIT/kg (NOK)	42.14	36.03
Farming Scotland - Operating revenue	708	235
Farming Scotland - Operational EBIT*	155	-53
Farming Scotland - Operational EBIT margin	30%	-22%
Farming Scotland - Operational EBIT/kg (DKK)	19.14	-13.24
Farming Scotland - Operational EBIT/kg (NOK)	28.23	-17.67
VAP - Operating revenue	378	418
VAP - Operational EBIT*	6	-29
VAP - Operational EBIT margin	2%	-7%
VAP - Operational EBIT/kg (DKK)	1.32	-4.23
VAP - Operational EBIT/kg (NOK)	1.95	-5.65
FOF - Operating revenue	731	442
FOF - EBITDA	129	86
FOF - EBITDA margin	17.6%	19.6%
NOK/DKK (average)	67.79	74.93

DKK M	Q1 2023	Q1 2022
<b>FINANCIAL POSITION AND CASH FLOW</b>		
Total Assets**	17,044	16,882
Equity**	10,884	10,396
Equity ratio**	64%	62%
Net interest-bearing debt**	2,357	2,664
Cash flow from operations	573	151
Cash flow from financing	-519	-40
<b>PROFITABILITY</b>		
Basic earnings per share (DKK)	7.90	6.85
Diluted earnings per share (DKK)	7.90	6.85
ROCE***	4.4%	4.3%
<b>VOLUMES</b>		
Harvested Faroe Islands (tgv)	11,005	17,459
Harvested Scotland (tgv)	8,093	3,973
<b>Total Harvest</b>	<b>19,098</b>	<b>21,432</b>
Farming FO transferred to VAP (tgv)	5,098	6,677
VAP produced (tgv)	4,753	6,936
Sold feed tonnes	22,287	26,192
Internal feed sales tonnes	21,809	25,023
Smolt released thousand Faroe Islands (pcs)	2,099	1,980
Smolt released thousand Scotland (pcs)	1,691	2,257
<b>Total smolt release</b>	<b>3,790</b>	<b>4,237</b>

\* Aligned for fair value adjustment of biomass, onerous contracts provisions, income from associates and revenue tax - refer to Note 10

\*\* Comparing figures from the end of 2022

\*\*\* Return on average capital employed, based on operational EBIT - refer to Note 10

## Summary of the 1<sup>st</sup> Quarter of 2023

(Figures in parenthesis refer to the same period last year).

**The Bakka Frost Group delivered a total operating EBIT of DKK 565 million (DKK 418 million) in Q1 2023 and made a profit of DKK 467 million (DKK 405 million).**

**The combined FO farming and VAP segments made an operational EBIT of DKK 321 million (DKK 442 million).**

**The FO farming segment made an operational EBIT of DKK 314 million (DKK 471 million).**

**The SCT farming segment made an operational EBIT of DKK 155 million (DKK -53 million).**

**The VAP segment made an operational EBIT of DKK 6 million (DKK -29 million).**

**The EBITDA for the FOF segment was DKK 129 million (DKK 86 million).**

Total harvested volumes for Q1 2023 were 19,100 tonnes gutted weight (21,400 tgw)

- FO: 11,000 tgw (17,500 tgw),
- SCT: 8,100 tgw (4,000 tgw).

In total, 3.8 million (4.2 million) smolts were transferred during Q1 2023

- FO: 2.1 million (2.0 million),
- SCT: 1.7 million (2.3 million).

The combined FO farming and VAP segments made an operational EBIT of DKK 321 million (DKK 442 million) in Q1 2023. The operational EBIT per kg in Q1 2023 was DKK 29.14 (DKK 25.32), corresponding to NOK 42.98 (NOK 33.79). The FO Farming segment achieved higher prices in Q1 2023 than in Q1 2022 but had a lower harvest volume compared to Q1 2022.

The SCT farming segment made an operational EBIT of DKK 155 million (DKK -53 million). The SCT Farming segment achieved higher prices and had a higher harvest volume in Q1 2023 compared to Q1 2022. In Q1 2023, the SCT farming segment had incident-based costs of DKK 2 million (DKK 24 million).

During Q1 2023, the FOF segment

- sourcing of raw material was 156,000 tonnes (78,000 tonnes),
- the EBITDA margin was 17.6% (19.6%) EBITDA, and
- fish feed sales amounted to 22,300 tonnes (26,200 tonnes).

The net interest-bearing debt amounted to DKK 2,357 million at the end of Q1 2023, compared to DKK 2,664 million at year-end 2022. Undrawn credit facilities amounted to DKK 2,857 million at the end of Q1 2023.

The long-term goal of the Board of Directors is that 30-50% of earnings per share shall be paid out as a dividend. The financial position of Bakka Frost is strong, with a solid balance sheet, a competitive operation and available credit facilities. The Annual General Meeting convened on April 28<sup>th</sup> 2023, decided to pay out a dividend of DKK 10.00, corresponding to NOK 15.63 per share. The total dividend of DKK 591 million (NOK 924 million) will be paid out on or around May 22<sup>th</sup> 2023.

The equity ratio was 64% on March 31<sup>st</sup> 2023, compared to 62% at the end of 2023.

# Results from the 1<sup>st</sup> Quarter of 2023

## Income Statement

(Figures in parenthesis refer to the same period last year).

The Group's operating revenue amounted to DKK 2,050 million (DKK 1,639 million) in Q1 2023.

The FO farming segment's harvest volumes were lower, but the achieved prices were higher in Q1 2023 than last year's quarter. The VAP segment had lower revenues because of lower volumes sold in Q1 2023 than in Q1 2022. The SCT Farming segment had significantly higher revenues because of higher volumes and prices, driven by increased average weight and market prices in Q1 2023 compared to last year's quarter. The FOF segment had higher revenue in Q1 2023 than in Q1 2022 due to higher external fishmeal and fish oil sales.

The Group's operational EBIT was DKK 565 million (DKK 418 million) in Q1 2023.

The combined FO farming and VAP segments had lower operational EBIT in Q1 2023 compared to Q1 2022, DKK 321 million (DKK 442 million). The SCT Farming segment's operational EBIT was DKK 155 million (DKK -53 million), of which the cost of incident-based mortality is DKK 2 million (DKK 24 million). The FOF segment had higher EBITDA in Q1 2023 than in Q1 2022.

The fair value adjustment of the Group's biological assets amounted to DKK 54 million (DKK 177 million) in Q1 2023.

Change in provisions for onerous contracts amounted to DKK 0 million (DKK -31 million) in Q1 2023.

The revenue tax amounted to DKK -38 million (DKK -58 million) in Q1 2023.

Net taxes amounted to DKK -119 million (DKK -87 million) in Q1 2023.

The result for Q1 2023 was DKK 467 million (DKK 405 million).

## Statement of Financial Position

(Figures in parenthesis refer to the end of last year).

The Group's total assets amounted to DKK 17,044 million (DKK 16,882 million) at the end of Q1 2023.

Intangible assets amounted to DKK 4,509 million (DKK 4,509 million) at the end of Q1 2023.

Property, plant, and equipment amounted to DKK 5,738 million (DKK 5,647 million) at the end of Q1 2023. In Q1 2023 purchase of property, plant, and equipment amounts to DKK 203 million (DKK 181 million in Q1 2022).

Right-of-use assets amounted to DKK 504 million (DKK 439 million) in Q1 2023.

Biological assets' carrying amount (fair value) amounted to DKK 3,036 million (DKK 2,938 million) at the end of Q1 2023. Compared to year-end 2022, biological assets have increased. Included in the carrying amount of the biological assets is a fair value adjustment amounting to DKK 937 million (DKK 883 million) at the end of Q1 2023.

Inventories amounted to DKK 1,128 million (DKK 1,074 million) at the end of Q1 2023.

Total receivables, including long-term receivables, financial derivatives, and deferred tax assets, amounted to DKK 1,302 million (DKK 1,321 million) at the end of 2022.

Total cash and cash equivalents amounted to DKK 570 million (DKK 720 million) at the end of Q1 2023.

The Group's equity amounted to DKK 10,884 million (DKK 10,396 million) at the end of Q1 2023. The change in equity consists primarily of the result for Q1 2023.

Total non-current liabilities amounted to DKK 5,274 million (DKK 5,563 million) at the end of Q1 2023.

Deferred taxes amounted to DKK 1,931 million (DKK 1,826 million) at the end of Q1 2023.

Long-term interest-bearing debt was DKK 2,927 million (DKK 3,383 million) at the end of Q1 2023.

Leasing debt amounted to DKK 492 million (DKK 460 million) at the end of Q1 2023.

At the end of Q1 2023, the Group's total current liabilities were DKK 885 million (DKK 923 million). The current liabilities consist of short-term leasing debt and accounts payable, tax payable and other debt.

The equity ratio was 64% at the end of Q1 2023, compared to 62% at the end of 2022.

## Cash Flow

(Figures in parenthesis refer to the same period last year).

The cash flow from operations was DKK 573 million (DKK 151 million) in Q1 2023. The changes in working capital had a negative effect on the cash flow from operations.

The cash flow from investment activities amounted to DKK -203 million (DKK -175 million) in Q1 2023. The primary investments have been in new and current hatcheries and the new feed line.

The cash flow from financing activities totalled DKK -519 million (DKK -40 million) in Q1 2023.

In Q1 2023, the net change in cash flow amounted to DKK -150 million (DKK -64 million).

At the end of Q1 2023, the Group had unused committed credit facilities of DKK 2,857 million (DKK 2,999 million). In addition, the Group has an accordion of EUR 150 million.

## Farming Segment – Faroe Islands

The Faroese farming segment produces high-quality Atlantic salmon from roe to harvest-size salmon. The salmon is sold to fresh fish markets globally and the internal VAP production. The farming sites are in the Faroe Islands.

### Volumes

The total volumes harvested in Q1 2023 were 11,005 tonnes gutted weight (17,459 tgw) – a change in volume of -37%. 4,126 tgw came from the North region, 3,848 tgw from the West and 3,031 tgw from the South region.

2.1 million (2.0 million) smolts were transferred to the sea in Q1 2023, which aligns with the smolt transfer plan.

	Q1 2023	Q1 2022	Change
<b>DKK 1,000</b>			
<b>Financial</b>			
Total revenue	1,097,043	1,198,500	-8%
EBIT	304,629	475,170	-36%
Operational EBIT	314,406	471,375	-33%
Operational EBIT/kg (DKK)	28.57	27.00	6%
Operational EBIT margin	29%	39%	
<b>Volumes</b>			
Harvested volumes (tgw)	11,005	17,459	-37%
- Farming North	4,126	10,046	-59%
- Farming West	3,848	5,333	-28%
- Farming South	3,031	2,080	46%
Smolts released (thousand)	2,099	1,980	6%
- Farming North	930	419	122%
- Farming West	190	1,262	-85%
- Farming South	979	299	227%

### Financial Performance

In Q1 2023, the operating revenue for the FO farming segment was DKK 1,097 million (DKK 1.199 million). The total revenue for the FO farming segment decreased in Q1 2023, compared with Q1 2022, because of lower volumes.

Operational EBIT/kg for the FO farming segment was DKK 28.57 (DKK 27.00) in Q1 2023, corresponding to NOK 42.14 (NOK 36.03).

In Q1 2023, the FO farming segment's EBIT amounted to DKK 305 million (DKK 475 million). Operational EBIT amounted to DKK 314 million (DKK 471 million) in Q1 2023, corresponding to an operational EBIT margin of 29% (39%).

Costs of DKK 0 million (DKK 0 million) were related to incident-based mortality in Q1 2023.

## Farming Segment – Scotland

The Scottish farming segment represents the operating business of Bakkafrost Scotland Ltd. Bakkafrost Scotland is committed to producing the finest quality Scottish Salmon with Scottish Provenance and full traceability. Bakkafrost Scotland has sites across the West Coast of Scotland and the Hebridean Islands.

### Volumes

The total volumes harvested in Q1 2023 were 8,093 tonnes gutted weight (3,973 tgw) - a change in volume of 104%.

1.7 million (2.3 million) smolts were transferred to the sea in Q1 2023, which aligns with the smolt transfer plan.

	Q1 2023	Q1 2022	Change
<b>DKK 1,000</b>			
<b>Financial</b>			
Total revenue	708,420	234,672	202%
EBIT	180,081	63,187	185%
Operational EBIT	154,880	-52,606	
Operational EBIT/kg (DKK)	19.14	-13.24	
Operational EBIT margin	30%	-22%	
<b>Volumes</b>			
Harvested volumes (tgw)	8,093	3,973	104%
Smolts released (thousand pcs)	1,691	2,257	-25%

### Financial Performance

In Q1 2023, the operating revenue for the SCT farming segment was DKK 708 million (DKK 235 million). The total revenue for the SCT farming segment increased in Q1 2023, compared with Q1 2022, because of higher prices, volumes and average weight.

Operational EBIT amounted to DKK 155 million (DKK -53 million) in Q1 2023, corresponding to an operational EBIT margin of 30% (-22%).

Operational EBIT/kg for the farming segment in Scotland was DKK 19.14 (DKK -13.24) in Q1 2023, corresponding to NOK 28.23 (NOK -17.67).

In Q1 2023, the SCT farming segment's EBIT amounted to DKK 180 million (DKK 63 million).

Costs of DKK 2 million (DKK 24 million) relate to incident-based mortality in Q1 2023.

## VAP Segment

The VAP (value-added products) segment produces skinless and boneless portions of salmon in the Faroe Islands. The primary market for VAP products is in Europe, with increasing sales in other markets. VAP products are primarily sold on long-term fixed-price contracts.

### Volumes

46% (38%) of the Faroese harvested volumes in Q1 2023 went to the production of VAP products.

The VAP production in the Faroe Islands was 4,753 tonnes gutted weight (6,936 tgw) in Q1 2023, decreasing 31% compared to Q1 2022.

DKK 1,000	Q1 2023	Q1 2022	Change
<b>Financial</b>			
Total revenue	377,572	418,274	-10%
EBIT	6,284	-60,077	
Operational EBIT	6,284	-29,368	
VAP - Operational EBIT/kg (DKK)	1.32	-4.23	
Operational EBIT margin	2%	-7%	
<b>Volumes</b>			
Farming FO transferred to VAP (tgw)	5,098	6,677	-24%
VAP produced (tgw)	4,753	6,936	-31%
Harvested volumes used in VAP production	46%	38%	
Harvested volumes sold fresh/frozen	54%	62%	

### Financial Performance

The operating revenue for the VAP segment amounted to DKK 378 million (DKK 418 million) in Q1 2023. The decrease in revenue is due to lower volumes sold in Q1 2023 compared with Q1 2022.

Operational EBIT amounted to DKK 6 million (DKK -29 million) in Q1 2023, corresponding to an operational EBIT of DKK 1.32 (DKK -4.23) per kg gutted weight in Q1 2023, corresponding to NOK 1.95 (NOK -5.65) per kg gutted weight.

The VAP segment had an EBIT of DKK 6 million (DKK -60 million) in Q1 2023. Changes in onerous contracts were DKK 0 million (DKK -31 million) in Q1 2023.

## FOF Segment

The FOF (fishmeal, oil and feed) segment produces fishmeal, fish oil and fish feed. Most of the production is used for fish feed, used internally. The quality of the fish feed is important to the quality of the salmon from Bakkafrost. Fishmeal, fish oil and fish feed are also sold externally.

### Volumes

Havsbrún received 156,015 tonnes (77,971 tonnes) of raw material to produce fishmeal and fish oil in Q1 2023. The raw material intake depends on the fishery in the North Atlantic and available species of fish.

The fishmeal production in Q1 2023 was 32,647 tonnes (16,553 tonnes).

Fish oil production in Q1 2023 was 5,669 tonnes (2,901 tonnes). The production of fish oil varies depending on the species of fish sourced for production and the timing of the catch.

Fish feed sales amounted to 22,287 tonnes (26,192 tonnes) in Q1 2023. The FO farming segment internally used 14,894 tonnes (15,725 tonnes) or 67% (60%). The SCT farming segment internally used 6,915 tonnes (9,298 tonnes) or 31% (35%).

### Financial Performance

The operating revenue for the FOF segment amounted to DKK 731 million (DKK 442 million) in Q1 2023, of which DKK 336 million (DKK 313 million) represented sales to Bakkafrost's farming segments, corresponding to 46% (71%).

DKK 1,000	Q1 2023	Q1 2022	Change
<b>Financial</b>			
Total revenue	731,311	441,939	65%
EBIT	146,326	83,310	76%
EBITDA	128,752	86,427	49%
FOF - EBITDA margin	17.6%	19.6%	
<b>Volumes (tonnes)</b>			
Feed sold	22,287	26,192	-15%
- Feed internal sale FO	14,894	15,725	-5%
- Feed internal sale SCT	6,915	9,298	-26%
- Feed external sale	478	1,169	-59%
Fishmeal external sale	13,775	9,797	41%
Fish oil external sale	5,576	8	
Received raw material	156,015	77,971	100%
Fishmeal production	32,647	16,553	97%
Fish oil production	5,669	2,901	95%

Total revenue for the FOF segment in Q1 2023 was higher than the same quarter last year. The increase in external revenue is due to higher volumes on fishmeal and fish oil in Q1 2023 compared to Q1 2022.

EBITDA was DKK 129 million (DKK 86 million) in Q1 2023, and the EBITDA margin was 18% (20%).

# Outlook

## Market

### *Supply decreased in Q1 2023*

The supply of salmon decreased by 4.9% in Q1 2023 compared to Q1 2022, incl. inventory movements. Without inventory movements, the supply decrease was 4.1%, according to the latest estimate from Kontali Analyse.

### *31% higher salmon prices*

Salmon spot prices were 31% higher this quarter compared to Q1 2022. Strong demand for salmon, low supply increase and general inflation have contributed to high salmon prices this quarter.

### *Low growth in 2023*

In H1 2023, the global supply is expected to be around 1-2% lower than in H1 2022. In H2 2023, the global supply is expected to grow around 4-5%. For the full year 2023, the global supply growth is expected to be around 2%, excluding inventory movements.

Bakkafrost has a strong focus on ensuring a well-balanced flow to the different markets to increase diversification and mitigate market risk. Bakkafrost operates in the main salmon markets, Europe, the USA, and the Far East. Since the beginning of the war in Ukraine, Bakkafrost has stopped all trading with Russia.

## Farming

The biological performance in the Faroese farming operation has been good, and sea lice levels continue to be low. Mortality levels have also been low for several quarters in a row, and Bakkafrost has continued to focus strongly on driving the mortality levels even lower. In this quarter, this has in part been achieved by, in some cases advancing harvest rather than treating large fish close to their intended harvest weight as the latter can increase mortality. This strategy, combined with a backend-loaded harvest

profile for 2023, has led to reduced harvest weights in this quarter. Bakkafrost expects to increase harvest weights in the Faroe Islands in the coming quarters. One important tool for this is Bakkafrost's new 10,000m<sup>3</sup> Live Fish Carrier, Bakkafossur, which arrived in the Faroe Islands at the beginning of January 2023. During Q1 2023, the operation of Bakkafossur has been tuned in and ramped up. Going forward, the new capabilities gained with this vessel enable Bakkafrost to pursue low mortality, low sea lice levels as well increased harvest weight. Also, the vessel is designed to support future off-shore farming in the Faroe Islands.

The expansions of the Norðtoftir and Glyvradal hatcheries in the Faroe Islands are now in operation. Combined, these capacity expansions increase the smolt production capacity in the Faroe Islands with around 6.5 million smolts of 500g. These are important milestones to fulfil Bakkafrost's goal to build an annual smolt production capacity in the Faroe Islands of over 23 million smolts of 500g in 2026.

In Scotland, the farming operation improved considerably in Q1 2023 as the biological development has been more under control. The first signs of improved control emerged in Q4 2022. In Q1 2023 and so far in Q2, this development has continued. Hence, Bakkafrost has been able to harvest large fish in Scotland and maintain lower mortality, which also has impacted positively on the harvest volume and price achievement.

The turn-around operation in Scotland prioritises the mitigation of biological risk. However, Bakkafrost Scotland is still subject to higher biological risk than in the Faroe Islands. It needs to be demonstrated if the positive development of biology in the past two quarters can be maintained during the traditionally more challenging periods in the fall. The risk picture is expected to be gradually transformed as Bakkafrost's large-smolt strategy materialises in Scotland. As

demonstrated in the Faroe Islands, large high-quality smolt will have a lower risk exposure in the marine environment due to shorter production cycles in the sea and the robustness of the smolt. Therefore, it is Bakkafrost's topmost priority in Scotland to build new modern hatcheries. The ongoing expansion of the Applecross hatchery is progressing but slightly delayed, and the Applecross-4 expansion is expected to be operational with fish in the tanks in May 2023 - 2 months behind schedule. The first batch of large smolt delivered from Applecross-4 is planned for Q3 2023 - one quarter later than planned and will contribute to increasing the mean weights and quality of the smolt stocked in Scotland in 2023.

The full capacity of the Applecross hatchery, including the next expansions, will be in operation in mid-2024, bringing the overall annual production capacity from Applecross to around 10 million high-quality smolts of around 500g.

In Q1 2023, the average weight of released smolt in Scotland was 111g, which is 9% higher than in Q1 2022.

Bakkafrost plans to build 3 large hatcheries in Scotland, which will increase the total annual production capacity to around 18 million smolts of around 500g in 2026.

## Smolt release

Bakkafrost expects to release around 16 million large smolts in 2023 in the Faroe Islands and around 9.6 million smolts in Scotland. The number and the average weight of smolts released are key elements of predicting Bakkafrost's future production.

Million smolt released	'23e	'22	'21	'20	'19	'18
FO	16.0	14.5	14.4	14.3	12.7	12.6
SCT	9.6	10.8	11.1	10.4	12.4	8.6

The average weight of the smolt released in Scotland in 2023 is expected to increase to around 150-175g. In 2023, the number of released smolt will be lower than in previous years as the focus is on stabilising the operation before increasing the volume. In this respect, smolt quality is more important than the released volume.

In 2023, Bakkafrost expects to harvest around 68,000 tonnes gutted weight in the Faroe Islands and 30,000 tonnes gutted weight in Scotland, giving a total of around 98,000 tonnes gutted weight.

The estimates for harvest volumes and smolt releases in both geographies are dependent on biological development.

**VAP (Value added products)**

Bakkafrost's highly flexible value chain includes a state-of-the-art VAP factory with high capacity. This enables Bakkafrost to adapt well to the rapidly changing market situations.

Bakkafrost's long-term strategy is to sell around 40% of the harvested volumes of salmon as VAP products on contracts. The contracts are at fixed prices with a duration of 6 to 12 months. Depending on the outcome of the Faroese government's proposal to adjust the Faroese revenue tax, Bakkafrost might revise this strategy.

For 2023, Bakkafrost has signed contracts covering around 23% of the expected harvest volumes in the Faroe Islands and Scotland combined.

**FOF (Fishmeal, oil and feed)**

The outlook of fishmeal and fish oil production is dependent on the availability of raw materials.

The ICES 2023 recommendation for blue whiting is 1,360 thousand tonnes, which is an 81% increase from the recommendation for 2022.

In 2023 Bakkafrost expects similar production volumes of fishmeal and fish oil as in 2022.

Havsbrún's sales of fish feed in 2022 was 128,000 tonnes and is expected to increase to around 130,000 tonnes in 2023.

The major markets for Havsbrún's fish feed are the internal Faroese and Scottish Farming segments.

**Investments**

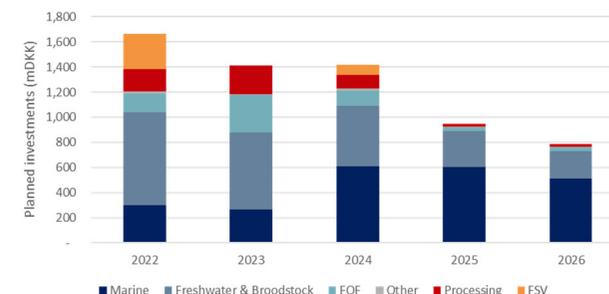
On the Capital Markets Day on 14-15 September 2021, Bakkafrost announced a 6.2bn DKK investment plan for 2022-2026. The investments will enable a transformation of the operation in Scotland and provide sustainable growth in the Faroe Islands as well as Scotland.

The main purpose of the investments in Scotland is to replicate Bakkafrost's successful operation in the Faroe Islands. Bakkafrost will build 3 large energy-efficient hatcheries in Scotland, enabling the implementation of Bakkafrost's large smolt strategy and giving an annual production capacity above 18 million smolts at 500g. Having large smolt in Scotland will transform the performance, lower the biological risk and increase harvest volumes. In addition to building hatchery capacity, Bakkafrost plans to build a new processing plant to strengthen processing capabilities and increase flexibility in operation. Bakkafrost will also invest in more service vessel capacity to improve the mitigation of biological risk. Further, Bakkafrost will make investments in marine site development.

The investments in the Faroe Islands include increasing annual hatchery production capacity to around 23 million smolts at 500g, investments in a broodstock facility and expansion of feed production capacity.

With the investment plan, Bakkafrost expects to sustainably grow the total annual harvest volumes to 150,000 tonnes in 2026. Over the same period, the total annual production capacity in Bakkafrost's value chain will reach 180,000 tonnes gutted weight.

6.2bn DKK Investment programme 2022-2026



**Tax**

The Faroese Government has proposed changes to the revenue tax in the Faroe Islands. Depending on the outcome of this, Bakkafrost will revise the investment plan accordingly.

**Capital Market Day in Scotland in 2023**

Bakkafrost's next Capital Markets Day will be on 6 June 2023 and will be held in Scotland.

**Financial**

The long-term market balance in the global market for salmon products will most likely remain favourable for Bakkafrost. Bakkafrost has a long value chain and a cost-efficient production of high-quality salmon products and will likely maintain financial flexibility going forward.

In March 2022, Bakkafrost finalised a new sustainability-linked 700 mEUR multicurrency revolving credit facility agreement with an additional accordion option of 150 mEUR. The facility has a tenor of five years plus an extension of one year. In combination with Bakkafrost's high equity ratio, the facility gives the necessary financial strength and flexibility for the Group's investment plans aimed at significant organic growth and structural cost reductions in Scotland. It will also enable M&A's and further organic growth opportunities as well as support an unchanged dividend policy in the future.

## Risks

Biological risk has been and will be a substantial risk for Bakkafrost. The Annual Report 2022 explains the biological risk and Bakkafrost's risk management in this regard.

Reference is made to the Outlook section of this report for other comments on Bakkafrost's risk exposure and Note 3.

Bakkafrost is, as explained in the Annual Report 2022, exposed to the salmon price.

The Annual Report 2022 is available on request from Bakkafrost and Bakkafrost's website, [www.bakka-frost.com](http://www.bakka-frost.com).

## Events after the Reporting Period

From the date of the statement of financial position until today, no events have occurred that materially influence the information provided by this report.

## Statement by the Management and the Board of Directors on the Interim Report

The Management and the Board of Directors have today considered and approved the interim report of P/F Bakkafrost for the period January 1<sup>st</sup> 2023 to March 31<sup>st</sup> 2023.

The interim report, which has not been audited or reviewed by the company's independent auditors, has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and Faroese disclosure requirements for listed companies.

Glyvrrar, May 9<sup>th</sup> 2023

Management:

J. Regin Jacobsen  
CEO

The Board of Directors of P/F Bakkafrost:

Rúni M. Hansen  
Chairman of the Board

Annika Frederiksberg  
Board Member

Øystein Sandvik  
Board Member

Teitur Samuelsen  
Board Member

Einar Wathne  
Board Member

Guðrið Højgaard  
Board Member

In our opinion, the accounting policies used are appropriate, and the interim report gives a true and fair view of the Group's financial positions on March 31<sup>st</sup> 2023, as well as the results of the Group activities and cash flows for the period January 1<sup>st</sup> 2023 to March 31<sup>st</sup> 2023.

In our opinion, the management's review provides a true and fair presentation of the development in the Group operations and financial circumstances of the

results for the period and of the overall financial position of the Group as well as a description of the most significant risks and elements of uncertainty facing the Group.

Over and above the disclosures in the interim report, no changes in the Group's most significant risks and uncertainties have occurred relative to the disclosures in the annual report for 2022.

## Consolidated Income Statement

For the period ended March 31<sup>st</sup> 2023

DKK 1,000	Q1 2023	Q1 2022
<b>Operating revenue</b>	<b>2,049,881</b>	<b>1,639,345</b>
Purchase of goods	-542,707	-559,267
Change in inventory and biological assets (at cost)	-32,396	126,319
Salary and personnel expenses	-224,361	-201,234
Other operating expenses	-540,966	-455,576
Depreciation	-148,450	-136,194
Other income	4,287	4,496
<b>Operational EBIT*</b>	<b>565,288</b>	<b>417,889</b>
Fair value adjustments of biological assets	53,530	177,338
Onerous contracts	0	-30,709
Income from associates	23,933	3,345
Revenue tax	-38,040	-57,750
<b>Earnings before interest and taxes (EBIT)</b>	<b>604,711</b>	<b>510,113</b>
Net interest revenue	2,665	1,787
Net interest expenses	-32,266	-7,704
Net currency effects	13,669	-8,506
Other financial expenses	-2,428	-3,851
<b>Earnings before taxes (EBT)</b>	<b>586,351</b>	<b>491,839</b>
Taxes	-119,467	-87,082
<b>Profit or loss for the period</b>	<b>466,884</b>	<b>404,757</b>
<b>Profit or loss for the year attributable to</b>		
Non-controlling interests	-586	44
Owners of P/F Bakkafrost	467,470	404,713
Earnings per share (DKK)	7.90	6.85
Diluted earnings per share (DKK)	7.90	6.85

\* Operational EBIT is EBIT before fair value of biomass, onerous contracts, income from associates and revenue tax.

## Consolidated Statement of Comprehensive Income

For the period ended March 31<sup>st</sup> 2023

DKK 1,000	Q1 2023	Q1 2022
<b>Profit for the period</b>	<b>466,884</b>	<b>404,757</b>
Changes on financial derivatives	-356	-4,524
Hereof income tax effect	-880	1,281
Reserve to share-based payment	-3,326	9,894
Currency translation differences	20,254	-10,933
Adjustment of treasury shares	4,881	3,506
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</b>	<b>20,573</b>	<b>-776</b>
<b>Other comprehensive income</b>	<b>20,573</b>	<b>-776</b>
<b>Total comprehensive income for the period</b>	<b>487,457</b>	<b>403,981</b>
<b>Comprehensive income for the period attributable to</b>		
Non-controlling interests	-586	44
Owners of P/F Bakkafrost	488,043	403,937

# Consolidated Statement of Financial Position

As on March 31<sup>st</sup> 2023

DKK 1,000	31 Mar 2023	31 Dec 2022
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets	4,508,712	4,508,704
Property, plant and equipment	5,737,923	5,647,161
Right of use assets	503,681	438,545
Financial assets	258,010	234,209
Deferred tax assets	336,297	336,020
<b>Total non-current assets</b>	<b>11,344,623</b>	<b>11,164,639</b>
<b>Current assets</b>		
Biological assets (biomass)	3,035,517	2,938,485
Inventory	1,127,713	1,074,344
<b>Total inventory</b>	<b>4,163,230</b>	<b>4,012,829</b>
Financial derivatives	5,966	7,474
Accounts receivable	787,204	808,755
Other receivables	172,785	168,272
<b>Total receivables</b>	<b>965,955</b>	<b>984,501</b>
<b>Cash and cash equivalents</b>	<b>570,056</b>	<b>719,603</b>
<b>Total current assets</b>	<b>5,699,241</b>	<b>5,716,933</b>
<b>TOTAL ASSETS</b>	<b>17,043,864</b>	<b>16,881,572</b>

DKK 1,000	31 Mar 2023	31 Dec 2022
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	59,143	59,143
Other equity	10,820,551	10,333,259
Non-controlling interests	4,514	3,411
<b>Total equity</b>	<b>10,884,208</b>	<b>10,395,813</b>
<b>Non-current liabilities</b>		
Deferred taxes and other taxes	1,931,241	1,825,873
Long-term interest-bearing debt	2,927,265	3,383,289
Long-term leasing debt	415,744	353,355
<b>Total non-current liabilities</b>	<b>5,274,250</b>	<b>5,562,517</b>
<b>Current liabilities</b>		
Short-term leasing debt	76,745	106,215
Accounts payable and other debt	808,661	817,027
<b>Total current liabilities</b>	<b>885,406</b>	<b>923,242</b>
<b>Total liabilities</b>	<b>6,159,656</b>	<b>6,485,759</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>17,043,864</b>	<b>16,881,572</b>

# Consolidated Cash Flow Statement

For the period ended March 31<sup>st</sup> 2023

<b>DKK 1,000</b>	<b>Q1 2023</b>	<b>Q1 2022</b>
<b>Earnings before interest and taxes (EBIT)</b>	<b>604,711</b>	<b>510,113</b>
Adjustments for write-downs and depreciation	148,450	136,194
Adjustments for value adjustment of biomass	-53,530	-177,338
Adjustments for income from associates	-23,933	-3,345
Adjustments for currency effects	19,791	-9,044
Adjustments of provision for onerous contracts	0	30,709
Change in inventory	-96,871	-96,004
Change in receivables	18,269	39,062
Change in current debts	-44,176	-279,094
<b>Cash flow from operations</b>	<b>572,711</b>	<b>151,253</b>
<b>Cash flow from investments</b>		
Payments for purchase of fixed assets	-203,362	-181,210
Net investment in financial assets	132	-1,897
Change in long-term receivables and deferred tax assets	0	8,102
<b>Cash flow from investments</b>	<b>-203,230</b>	<b>-175,005</b>
<b>Cash flow from financing</b>		
Change in interest-bearing debt (short and long)	-457,260	-4,492
Financial income	2,665	0
Financial expenses	-34,694	-9,768
Lease payments	-34,620	-29,532
Net proceeds from sale of own shares	4,881	3,466
<b>Cash flow from financing</b>	<b>-519,028</b>	<b>-40,326</b>
<b>Net change in cash and cash equivalents in period</b>	<b>-149,547</b>	<b>-64,078</b>
Cash and cash equivalents - opening balance	719,603	509,157
<b>Cash and cash equivalents - closing balance total</b>	<b>570,056</b>	<b>445,079</b>

# Consolidated Statement of Changes in Equity

As on March 31<sup>st</sup> 2023

DKK 1,000	Share Capital	Share Premium Reserve	Treasury Shares	Sharebased Payment	Currency translation differences	Derivatives	Proposed Dividend	Biomass Fair value adjustments	Retained Earnings	Non controlling interest	Total Equity
<b>Equity 01.01.2023</b>	<b>59,143</b>	<b>4,027,375</b>	<b>-18,512</b>	<b>20,559</b>	<b>17,742</b>	<b>6,126</b>	<b>591,430</b>	<b>883,099</b>	<b>4,805,438</b>	<b>3,413</b>	<b>10,395,813</b>
<b>Consolidated profit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>53,530</b>	<b>414,878</b>	<b>-586</b>	<b>467,822</b>
Changes in financial derivatives	0	0	0	0	0	-1,458	0	0	0	0	-1,458
Hereof income tax effect	0	0	0	0	0	222	0	0	0	0	222
Share-based payment	0	0	0	-3,326	0	0	0	0	0	0	-3,326
Currency translation differences	0	0	0	0	20,254	0	0	0	0	0	20,254
<b>Total other comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-3,326</b>	<b>20,254</b>	<b>-1,236</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>15,692</b>
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-3,326</b>	<b>20,254</b>	<b>-1,236</b>	<b>0</b>	<b>53,530</b>	<b>414,878</b>	<b>-586</b>	<b>483,514</b>
Treasury shares	0	0	4,881	0	0	0	0	0	0	0	4,881
Reclassification between funds	0	0	0	0	0	0	0	0	-1,687	1,687	0
<b>Total transaction with owners</b>	<b>0</b>	<b>0</b>	<b>4,881</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-1,687</b>	<b>1,687</b>	<b>4,881</b>
<b>Total changes in equity</b>	<b>0</b>	<b>0</b>	<b>4,881</b>	<b>-3,326</b>	<b>20,254</b>	<b>-1,236</b>	<b>0</b>	<b>53,530</b>	<b>413,191</b>	<b>1,101</b>	<b>488,395</b>
<b>Total equity 31.03.2023</b>	<b>59,143</b>	<b>4,027,375</b>	<b>-13,631</b>	<b>17,233</b>	<b>37,996</b>	<b>4,890</b>	<b>591,430</b>	<b>936,629</b>	<b>5,218,629</b>	<b>4,514</b>	<b>10,884,208</b>
<b>Equity 01.01.2022</b>	<b>59,143</b>	<b>4,027,375</b>	<b>-26,767</b>	<b>7,799</b>	<b>46,232</b>	<b>-3,873</b>	<b>303,995</b>	<b>604,707</b>	<b>4,328,801</b>	<b>133</b>	<b>9,347,545</b>
<b>Consolidated profit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>278,392</b>	<b>1,066,718</b>	<b>-780</b>	<b>1,344,330</b>
Changes in financial derivatives	0	0	0	0	0	11,102	0	0	0	0	11,102
Hereof income tax effect	0	0	0	0	0	-1,103	0	0	0	0	-1,103
Share-based payment	0	0	0	12,760	0	0	0	0	0	0	12,760
Currency translation differences	0	0	0	0	-28,490	0	0	0	0	0	-28,490
<b>Total other comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12,760</b>	<b>-28,490</b>	<b>9,999</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-5,731</b>
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12,760</b>	<b>-28,490</b>	<b>9,999</b>	<b>0</b>	<b>278,392</b>	<b>1,066,718</b>	<b>-780</b>	<b>1,338,599</b>
Treasury shares	0	0	8,255	0	0	0	0	0	1,349	0	9,604
Addition of non-controlling interests	0	0	0	0	0	0	0	0	0	4,060	4,060
Paid-out dividend	0	0	0	0	0	0	-303,995	0	0	0	-303,995
Proposed dividend	0	0	0	0	0	0	591,430	0	-591,430	0	0
<b>Total transaction with owners</b>	<b>0</b>	<b>0</b>	<b>8,255</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>287,435</b>	<b>0</b>	<b>-590,081</b>	<b>4,060</b>	<b>-290,331</b>
<b>Total changes in equity</b>	<b>0</b>	<b>0</b>	<b>8,255</b>	<b>12,760</b>	<b>-28,490</b>	<b>9,999</b>	<b>287,435</b>	<b>278,392</b>	<b>-590,081</b>	<b>3,280</b>	<b>1,048,268</b>
<b>Total equity 31.12.2022</b>	<b>59,143</b>	<b>4,027,375</b>	<b>-18,512</b>	<b>20,559</b>	<b>17,742</b>	<b>6,126</b>	<b>591,430</b>	<b>883,099</b>	<b>4,805,438</b>	<b>3,413</b>	<b>10,395,813</b>

# Notes to the Accounts

## Accounting Policy

### General Information

P/F Bakkafrøst is a limited company incorporated and domiciled in the Faroe Islands.

The Group's Annual Report 2022 is available at [www.bakkafrost.com](http://www.bakkafrost.com) or upon request from the company's registered office at Bakkavegur 9, FO-625 Glyvrrar, Faroe Islands.

This Condensed Consolidated Interim Report is presented in DKK.

### Note 1. Statement of Compliance

This Condensed Consolidated Interim Report is prepared in accordance with International Financial Reporting Standards (IFRS) IAS 34 Interim Financial Reporting as adopted by the EU. It does not include all the information required for the full Annual and Consolidated Report and Accounts and should be read in conjunction with the Annual and Consolidated Report and Accounts for the Group as of December 31<sup>st</sup> 2022.

This interim report has not been subject to any external audit.

### Note 2. Significant Accounting Policies

The accounting policies applied by the Group in this Condensed Consolidated Interim Report are the same as those used in the Annual Report for the year ended December 31<sup>st</sup> 2022.

### Note 3. Estimates and Risk Exposures

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting principles and recognised amounts of assets, liabilities, income and expenses. The most significant estimates relate to the valuation of the fair value of biological assets. Estimates and underlying assumptions are reviewed on an ongoing basis and are based on the management's best assessment at the time of reporting. All changes in estimates are reflected in the financial statements as they occur.

Bakkafrøst has made no significant changes in the estimates for these interim financial statements compared with the annual financial statements.

Descriptions of the accounting estimates are in the notes to the financial statements in the Annual Report 2022.

## Note 4. Biological Assets

	31 Mar 2023	31 Mar 2022	31 Dec 2022
Biological assets carrying amount 01.01.	2,938,485	2,448,289	2,448,289
Increase due to production or purchases	796,133	778,477	3,917,146
Reduction due to harvesting or sale (costs of goods sold)	-822,344	-744,233	-3,363,747
Reduction due to mortality (costs of incidents-based mortality *)	-2,184	-23,794	-282,768
Fair value adjustment at the beginning of the period reversed	-883,099	-604,707	-604,707
Fair value adjustment at the end of the period	936,629	782,045	883,099
Reversal of elimination at the beginning of the period	135,650	134,193	134,193
Eliminations	-107,881	-125,329	-135,650
Currency translation differences	44,128	-8,297	-57,370
<b>Biological assets carrying amount at the end of the period</b>	<b>3,035,517</b>	<b>2,636,644</b>	<b>2,938,485</b>
Cost price biological assets	2,162,641	1,988,225	2,248,406
Fair value adjustment at the end of the period	936,629	782,045	883,099
Eliminations	-107,881	-125,329	-135,650
Currency translation differences	44,128	-8,297	-57,370
<b>Biological assets carrying amount</b>	<b>3,035,517</b>	<b>2,636,644</b>	<b>2,938,485</b>
<b>Biomass (tonnes)</b>			
< 1 kg	4,883	3,090	4,737
1 kg < 2 kg	8,825	11,512	6,811
2 kg < 3 kg	10,776	10,021	8,608
3 kg < 4 kg	7,724	11,135	9,589
4 kg <	14,693	17,686	18,566
<b>Volume of biomass at sea (tonnes)</b>	<b>46,901</b>	<b>53,444</b>	<b>48,311</b>
	<b>Q1</b>	<b>Q1</b>	
<b>* Costs of incident-based mortality per segment:</b>	<b>2023</b>	<b>2022</b>	
Faroe Islands	0	0	
Scotland	-2,184	-23,794	
	<b>-2,184</b>	<b>-23,794</b>	

	Q1 2023	Q1 2022	31 Dec 2022
<b>Number of fish (thousand)</b>			
< 1 kg	8,746	6,763	11,043
1 kg < 2 kg	6,361	7,738	4,595
2 kg < 3 kg	4,354	4,228	3,520
3 kg < 4 kg	2,241	3,306	2,717
4 kg <	2,962	3,651	3,877
<b>Total number of fish at sea (thousand)</b>	<b>24,664</b>	<b>25,686</b>	<b>25,752</b>
<b>Number of smolt released YTD (thousand)</b>			
Farming North	930	419	6,854
Farming West	190	1,262	5,267
Farming South	979	299	2,297
Farming Scotland	1,691	2,257	11,007
<b>Total number of smolts released YTD (thousand)</b>	<b>3,790</b>	<b>4,237</b>	<b>25,425</b>
<b>Sensitivity in DKK 1,000</b>			
Change in discount rate +1%	-188,288	-157,838	-212,686
Change in discount rate -1%	207,125	174,495	238,534
Change in sales price +5 DKK	363,156	401,602	353,080
Change in sales price -5 DKK	-363,156	-401,602	-353,080
Change in biomass volume +1%	14,130	11,581	18,217
Change in biomass volume -1%	-14,130	-11,581	-18,217
<b>One-year forward prices in EUR FCA Oslo</b>			
Period end	10.80	8.87	7.50
1 Q (forward)	9.36	9.01	8.58
2 Q (forward)	7.53	6.51	8.96
3 Q (forward)	7.50	6.96	7.16
4 Q (forward)	8.17	7.22	7.31

## Note 5. Segments

Farming - FO DKK 1,000	Q1 2023	Q1 2022
External revenue	758,954	857,234
Internal revenue	338,089	341,266
<b>Total revenue</b>	<b>1,097,043</b>	<b>1,198,500</b>
Operating expenses	-706,924	-657,470
Depreciation and amortisation	-75,713	-69,655
<b>Operational EBIT</b>	<b>314,406</b>	<b>471,375</b>
Fair value adjustments of biological assets	28,329	61,545
Income from associates	-66	0
Revenue tax	-38,040	-57,750
<b>Earnings before interest and taxes (EBIT)</b>	<b>304,629</b>	<b>475,170</b>
Net financial items	-15,617	-5,323
<b>Earnings before taxes (EBT)</b>	<b>289,012</b>	<b>469,847</b>
Taxes	-31,963	-100,721
<b>Profit or loss for the period</b>	<b>257,049</b>	<b>369,126</b>

<b>Farming - SCT</b>	<b>Q1</b>	<b>Q1</b>
<b>DKK 1,000</b>	<b>2023</b>	<b>2022</b>
External revenue	518,204	234,672
Internal revenue	190,216	0
<b>Total revenue</b>	<b>708,420</b>	<b>234,672</b>
Operating expenses	-496,712	-236,645
Depreciation and amortisation	-61,115	-55,130
Other income	4,287	4,497
<b>Operational EBIT</b>	<b>154,880</b>	<b>-52,606</b>
Fair value adjustments of biological assets	25,201	115,793
<b>Earnings before interest and taxes (EBIT)</b>	<b>180,081</b>	<b>63,187</b>
Net financial items	5,601	-8,580
<b>Earnings before taxes (EBT)</b>	<b>185,682</b>	<b>54,607</b>
Taxes	-67,406	7,113
<b>Profit for the period</b>	<b>118,276</b>	<b>61,720</b>

<b>Value added products</b>	<b>Q1</b>	<b>Q1</b>
<b>DKK 1,000</b>	<b>2023</b>	<b>2022</b>
<b>External revenue</b>	<b>377,572</b>	<b>418,274</b>
Internal purchase of raw material	-319,735	-341,266
Operating expenses	-46,356	-101,429
Depreciation and amortisation	-5,197	-4,947
<b>Operational EBIT</b>	<b>6,284</b>	<b>-29,368</b>
Provision of onerous contracts	0	-30,709
<b>Earnings before interest and taxes (EBIT)</b>	<b>6,284</b>	<b>-60,077</b>
Net financial items	68	-419
<b>Earnings before taxes (EBT)</b>	<b>6,352</b>	<b>-60,496</b>
Taxes	-1,143	10,827
<b>Profit or loss for the period</b>	<b>5,209</b>	<b>-49,669</b>

<b>Fishmeal, Fish Oil and Fish Feed</b>	<b>Q1</b>	<b>Q1</b>
<b>DKK 1,000</b>	<b>2023</b>	<b>2022</b>
External revenue	395,151	129,165
Internal revenue	336,160	312,774
<b>Total revenue</b>	<b>731,311</b>	<b>441,939</b>
Cost of goods sold	-499,996	-278,660
Operating expenses	-102,563	-76,852
Depreciation and amortisation	-6,425	-6,462
<b>Operational EBIT</b>	<b>122,327</b>	<b>79,965</b>
Income from associates	23,999	3,345
<b>Earnings before interest and taxes (EBIT)</b>	<b>146,326</b>	<b>83,310</b>
Net financial items	-8,412	-3,952
<b>Earnings before taxes (EBT)</b>	<b>137,914</b>	<b>79,358</b>
Taxes	-24,825	-13,566
<b>Profit or loss for the period</b>	<b>113,089</b>	<b>65,792</b>

<b>Reconciliation of reportable segments</b>	<b>Q1</b>	<b>Q1</b>
<b>to Group earnings before taxes (EBT)</b>	<b>2023</b>	<b>2022</b>
<b>DKK 1,000</b>		
Farming Faroe Islands	289,012	469,847
Farming Scotland	185,682	54,607
VAP (Value added products)	6,352	-60,496
FOF (Fishmeal, Fish oil and fish Feed)	137,914	79,358
Eliminations	-32,609	-51,477
<b>Group earnings before taxes (EBT)</b>	<b>586,351</b>	<b>491,839</b>

**Note 6. Capital Commitments**

The Group had capital expenditures committed but not provided in these accounts at the date of the Statement of Financial Position of approximately DKK 812 million.

**Note 7. Transactions with Related Parties**

Note 5.2 in Bakkafrost's Annual Report for 2022 provides detailed information on related parties' transactions.

Transactions between P/F Bakkafrost and its subsidiaries meet the definition of related party transactions. As these transactions are eliminated on consolidation, they are not disclosed as related party transactions.

**Note 8. Fair Value Measurements**

All assets/liabilities for which fair value is recognized or disclosed are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities.

Level 2: Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable).

Level 3: Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable).

For biological assets, the fair value calculation is done using a valuation model (level 3 in the valuation hierarchy) where the value is estimated based on observable market prices per period end.

For more information on these calculations, please refer to Note 4.

For assets/liabilities that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement).

There have been no transfers into or out of Level 3 fair value measurements.

As of March 31<sup>st</sup> 2023, the Group held the following classes of assets/liabilities measured at fair value:

DKK 1,000	Cost				
	Fair value	amount	Level 1	Level 2	Level 3
<b>Assets and liabilities measured at fair value</b>					
Biological assets (biomass)	3,035,517	2,098,888	0	0	3,035,517
<b>Assets measured at fair value 31/3-2023</b>	<b>3,035,517</b>	<b>2,098,888</b>	<b>0</b>	<b>0</b>	<b>3,035,517</b>
<b>Liabilities measured at fair value 31/3-2023</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Biological assets (biomass)	2,938,485	2,055,386	0	0	2,938,485
<b>Assets measured at fair value 31/12-2022</b>	<b>2,938,485</b>	<b>2,055,386</b>	<b>0</b>	<b>0</b>	<b>2,938,485</b>
<b>Liabilities measured at fair value 31/12-2022</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Note 9. Business Combinations**

**2023**

There have not been any new business combinations in 2023

**2022**

In a transaction closed on January 1<sup>st</sup> 2022, Bakkafrost acquired 90% of the shares in Munkebo Seafood A/S. The deal was jointly made with Michael Karlsen, the General Manager of Munkebo Seafood, for many years. The shares were acquired from Paul Lybech, who has been engaged with Munkebo Seafood for almost 25 years. Following the transaction, Michael Karlsen holds 10% of the shares in Munkebo Seafood A/S, while Bakkafrost holds 90%.

Munkebo Seafood A/S has, since its formation in 1974, been engaged in the production of canned fish at the factory in Munkebo in Denmark. Today, the company operates a modern canning facility and offers a wide range of products, of which a more significant share is based on salmon. Bakkafrost has been one of the largest suppliers of raw materials for Munkebo Seafood for the past few years, making Munkebo Seafood a significant extension of Bakkafrost's value chain. With a planned increase in

production of salmon over the coming years from Bakkafrost's farms in the Faroe Islands and Scotland, Munkebo Seafood will have a strengthened raw material base, and Bakkafrost will strengthen the ability to increase further the value derived from its salmon by-products.

The operations of Munkebo Seafood will remain unchanged. Munkebo Seafood has around 40 employees, and the products are currently sold mainly within the EU market to retail customers. The key employees of Munkebo AS will continue.

There is considerable spare production capacity for future growth within the current facility.

With the acquisition of Munkebo Seafood, Bakkafrost can now offer a broader range of products. Bakkafrost offers fresh, frozen, and smoked salmon products, and now canned food is added. Bakkafrost has a global sales network, and Munkebo Seafood's products will now be offered on a broader market as a supplement to Bakkafrost's other consumer packaged products.

The fair value of intangible assets has been determined on an estimated fair value. Fair value has been identified in customer relationships employing generally accepted valuation techniques. The market value of the customer relationship is measured at DKK 9.7 million.

The fair value of property, plant and equipment has been determined based on a 3<sup>rd</sup> party valuation.

The fair value of receivables has been determined based on an estimate of an age-distributed debtor list and historical figures on doubtful debtors.

The fair value of the inventory has been determined based on inventory lists, historical sales data, and the subtraction of obsolete goods.

There were no other material new business combinations in 2022.

<b>DKK 1,000</b>	<b>Book value 31/12/2021</b>	<b>Fair value adjustments</b>	<b>Fair value</b>
Goodwill	0	9,726	9,726
Intangible assets	600	0	600
Property, plant and equipment - incl. IFRS 16	13,106	0	13,106
Accounts receivables	11,310	0	11,310
Inventories	21,264	0	21,264
Other current assets, excluding cash and bank	2,739	0	2,739
<b>Total assets</b>	<b>49,019</b>	<b>9,726</b>	<b>58,745</b>
Deferred taxes and other taxes	1,511	1,754	3,265
Long-term liabilities, interest-bearing	8,797	0	8,797
Accounts payable	17,634	0	17,634
Other payable	3,660	0	3,660
<b>Liabilities</b>	<b>31,602</b>	<b>1,754</b>	<b>33,356</b>
<b>Net assets</b>	<b>17,417</b>	<b>7,972</b>	<b>25,389</b>

**Note 10. APM****- Alternative Performance Measures**

Bakkafrost's financial information is prepared in accordance with international financial reporting standards (IFRS). In addition, the management's intention is to provide alternative performance measures, which are regularly reviewed by the management to enhance the understanding of the company's performance, but not replacing the financial statements prepared in accordance with IFRS. The alternative performance measures presented may be determined or calculated differently by other companies. Bakkafrost's experience is that these APM's are frequently used by analysts, investors, and other parties.

These APM's are adjusted IFRS measures, defined, calculated, and used in a consistent and transparent manner over the years and across the company where relevant.

**NIBD**

Net interest-bearing debt consists of both current and non-current interest-bearing liabilities, less related current and non-current hedging instruments, lease liabilities, financial instruments, such as debt instruments and derivatives and cash and cash equivalents. The net interest-bearing debt is a measure of the Group's net indebtedness that provides an indicator of the overall balance sheet strength. It is also a single measure that can be used to assess both the Group's cash position and its indebtedness. The use of the term net debt does not necessarily mean that the cash included in the net debt calculation is available to settle the liabilities included in this measure. Net debt is an alternative performance measure as it is not defined in IFRS. The most directly comparable IFRS measure is the aggregate interest-bearing liabilities (both current and non-current), derivatives and cash and cash equivalents. A reconciliation is provided below.

	31 Mar	31 Dec
DKK 1,000	2023	2022
Cash and cash equivalents	570,056	719,603
Long- and short term interest bearing debt	-2,927,265	-3,383,289
<b>Net interest-bearing debt</b>	<b>-2,357,209</b>	<b>-2,663,686</b>

**Operational EBIT**

Operational EBIT is EBIT aligned for fair value adjustments, onerous contracts provisions, income from associates and revenue tax.

Operational EBIT is a major alternative performance measure in the salmon farming industry. A reconciliation from EBIT to Operational EBIT is provided below.

	Q1	Q1
DKK 1,000	2023	2022
<b>EBIT</b>	<b>604,711</b>	<b>510,113</b>
Fair value adjustments of biological assets	-53,530	-177,338
Onerous Contracts	0	30,709
Income from associates	-23,933	-3,345
Revenue tax	38,040	57,750
<b>Operational EBIT</b>	<b>565,288</b>	<b>417,889</b>

**Operational EBIT per kg**

Farming segment FO:	$\frac{\text{Operational EBIT Farming segment FO}}{\text{Total harvested volumes (gw) FO}}$
Farming segment SCT:	$\frac{\text{Operational EBIT Farming segment SCT}}{\text{Total harvested volumes (gw) SCT}}$
VAP segment:	$\frac{\text{Operational EBIT VAP segment}}{\text{Total volumes produced (raw material gw)}}$
Farming FO and VAP:	$\frac{\text{Operational EBIT Farming FO and VAP segment}}{\text{Total harvested volumes (gw) FO}}$

**EBITDA**

Earnings before interest, tax, depreciation, and amortisations (EBITDA) is a key financial parameter for Bakkafrost's FOF segment. EBITDA before other income and other expenses is defined as EBITDA less gains and losses on disposals of fixed assets and operations and is reconciled in the section Group overview. This measure is useful to users of Bakkafrost's financial information in evaluating operating profitability on a more variable cost basis as it excludes depreciation and amortisation expenses related primarily to capital expenditures and acquisitions, which occurred in the past, nonrecurring items, as well as evaluating operating performance in relation to Bakkafrost's FOF segment's competitors. The EBITDA margin is defined as EBITDA before other income and other expenses divided by total revenues.

**ROCE**

Return on average capital employed (ROCE) is the period's operational EBIT divided by the average capital employed, which is total assets adjusted for total current liabilities. The performance measure is expressed as a percentage and is useful for evaluating Bakkafrost's profitability.

	Q1	Q1
DKK 1,000	2023	2022
Group -Operational EBIT	565,288	417,889
Average Capital Employed	16,058,394	13,870,176
<b>ROCE</b>	<b>3.5%</b>	<b>3.0%</b>

**Adjusted EPS**

Adjusted EPS is based on the reversal of certain fair value adjustments shown in the table below, as it is Bakkafrost's view that this figure provides a more reliable measure of the underlying performance.

	Q1	Q1
DKK 1,000	2023	2022
Profit for the period to the shareholders of P/F Bakkafrost	466,884	404,757
Fair value adjustment of biomass	-53,530	-177,338
Onerous contracts provisions	0	30,709
Tax on fair value adjustment and onerous contracts provisions	11,399	26,393
<b>Adjusted profit for the period to shareholders of P/F Bakkafrost</b>	<b>424,753</b>	<b>284,521</b>
<b>Time-weighted average number of shares outstanding through the period</b>	<b>59,111,707</b>	<b>59,084,616</b>
<b>Adjusted earnings per share (before fair value adjustment of biomass and provisions for onerous contracts) (adjusted EPS)</b>	<b>7.19</b>	<b>4.82</b>

## Contacts

**P/F BAKKAFROST**

Bakkavegur 9

FO-625 Glyvrrar

Faroe Islands

Telephone: +298 40 50 00

Fax: +298 40 50 09

Email: [bakkafrost@bakkafrost.com](mailto:bakkafrost@bakkafrost.com)

Website: [www.bakkafrost.com](http://www.bakkafrost.com)