

# Q1 2023

**BAKKAFROST GROUP**  
Oslo 9 May 2023

## DISCLAIMER

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# SUMMARY OF Q1 2023

MARKETS & SALES

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Glyvrar, arrival of Bakkafossur

## HIGHLIGHTS Q1-23 (Q1-22)

### Revenues and Operational EBIT

- **All-time high revenue** of DKK 2,050 million (DKK 1,639 million)
- **Operational EBIT\*** of DKK 565 million (DKK 418 million)

### Operation

- **Harvest in the Faroe Islands:** 11,005 t<sub>gw</sub> (17,459 t<sub>gw</sub>)
- **Harvest in Scotland:** 8,093 t<sub>gw</sub> (3,973 t<sub>gw</sub>)
- **Feed sales:** 22,287 tonnes\*\* (26,192 tonnes\*\*)
- **Sourcing of marine raw material:** 156,015 tonnes (77,971 tonnes)

### Cash Flow

- **Cash flow from operations** of DKK 573 million (DKK 151 million)

### Segments

- **Positive operational EBIT** in all segments

### Dividends

- **Proposed dividend** of DKK 10.00 per share for 2022, to be paid out on 22 May 2023

\*) EBIT aligned for fair value adjustments of biomass, onerous contracts provisions, income from associates and revenue tax

\*\*\*) Including internal sales of 21,809 tonnes (25,023 tonnes)

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**BAKKA  
SALMON**



  
Superior Salmon from the  
**FAROE ISLANDS  
& SCOTLAND**

**BAKKA  
SALMON**



**BAKKAFROST**  
ESTABLISHED 1988



  
Superior Salmon from the  
**FAROE ISLANDS  
& SCOTLAND**

### Average spot prices increased y/y and q/q in Q1 2023

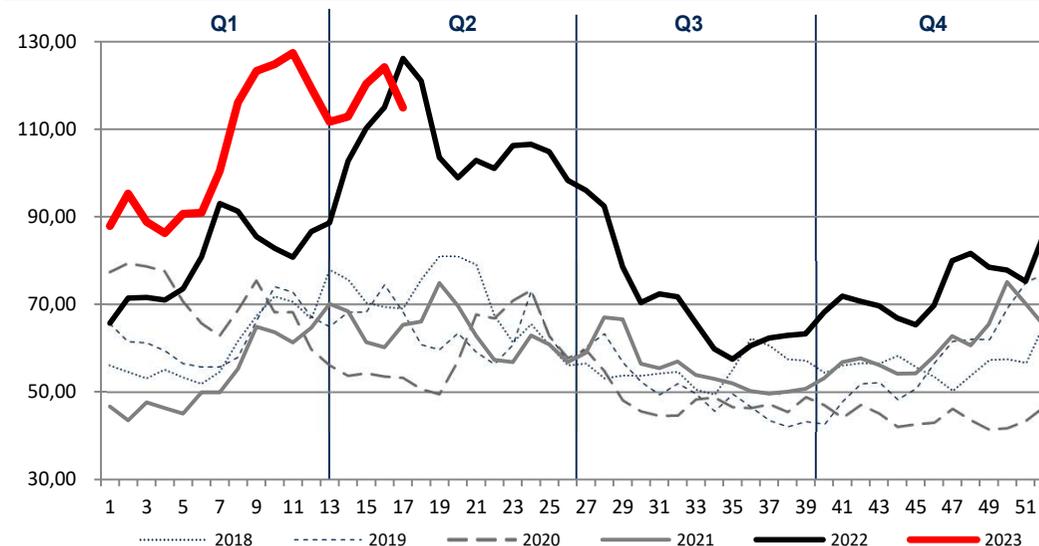
(NOK/KG)



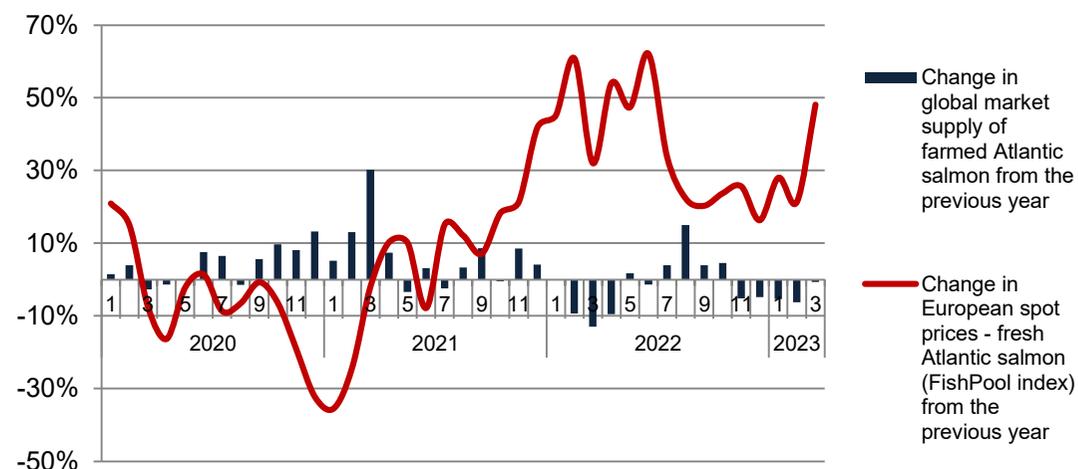
Increased spot prices throughout the quarter

Slightly increasing so far in Q2 2023

### Spot prices (NASDAQ) on superior 4-5 [NOK/kg HOG]



### Change in global market [volume harvested and market price]



Source: Kontali

## SALMON MARKETS, SOLD QUANTITY

### 11% consumption drop in EU/UK

- Strong growth Q1 2022
- Reduced activity level for smoked salmon
- Lower contract share for processors

### Stable consumption in the US

- Increased import from Europe
- Attractive currency situation

### Low level in Russia due to sanctions

### Strong growth in China

- Corona reopening effect

### Japan and ASEAN

- Higher airfreight cost
- Limited import from Western Canada

### Salmon markets, sold quantity (head on gutted - HOG)

Markets	Estimated volumes		Q1 comparison		Estimated volumes		FY comparison	
	Q1 2023E	Q1 2022	Volume	%	FY 2022	FY 2021	Volume	%
EU+UK	222,800	250,300	-27,500	↓ -11%	1,143,500	1,158,000	-14,500	↓ -1%
USA	143,400	143,600	-200	→ 0%	586,400	571,700	14,700	↑ 3%
Russia	12,700	13,400	-700	↓ -5%	48,600	86,000	-37,400	↓ -43%
Japan	11,200	14,200	-3,000	↓ -21%	55,000	65,500	-10,500	↓ -16%
Greater China	31,800	25,500	6,300	↑ 25%	102,700	105,100	-2,400	↓ -2%
ASEAN	20,100	21,900	-1,800	↓ -8%	83,900	80,900	3,000	↑ 4%
Latin America	46,500	44,900	1,600	↑ 4%	179,100	184,100	-5,000	↓ -3%
Ukraine	5,000	5,300	-300	↓ -6%	18,800	32,700	-13,900	↓ -43%
Other markets	67,200	70,700	-3,500	↓ -5%	328,700	316,700	12,000	↑ 4%
<b>Total all markets</b>	<b>560,700</b>	<b>589,800</b>	<b>-29,100</b>	<b>↓ -4.9 %</b>	<b>2,546,700</b>	<b>2,600,700</b>	<b>-54,000</b>	<b>↓ -2.1 %</b>

#### Comments:

EU+UK incl. estimates for both European Union (Post-Brexit) & United Kingdom

Greater China = China / Hong Kong / Taiwan (incl. estimated re-export from Vietnam & Thailand)

ASEAN = Association of Southeast Asian Nations (estimated re-export from Vietnam & Thailand subtr.)

Latin America (including both Mexico and Caribbean + domestic consumption in Chile)

All figures above are in tonnes hog, and are rounded to the nearest 100 tonnes.

Source: Kontali

## 5% DROP IN GLOBAL HARVESTED AND SOLD QUANTITY

### 4% drop in global quarterly harvest volumes

### 6% drop in European harvest

- 7% drop in Norway
  - Accelerated harvest ultimo 2022
  - MAB headroom to grow larger fish during Q1 2023
- 15% increase in the UK - Low harvest Q1 2022 due to biology
- Iceland – Exceptionally high Q1 2022

### 1% drop in American harvest

- Chile – Good biological performance
- North America – Impact from Discovery Island exit

SUPPLY DEVELOPMENT	Q1 2023	Q1 2022	Change %
Norway	286	307	-6.7 %
UK	34	30	15.2 %
Faroes	17	21	-17.7 %
Iceland	11	14	-22.2 %
Ireland	3	3	-8.1 %
<b>Total Europe</b>	<b>352</b>	<b>375</b>	<b>-6.2 %</b>
Chile	167	162	3.3 %
Canada	21	29	-28.1 %
USA	4	3	13.2 %
<b>Total Americas</b>	<b>191</b>	<b>194</b>	<b>-1.2 %</b>
Other	27	26	4.9 %
<b>Total (Harvested quantity)</b>	<b>570</b>	<b>594</b>	<b>-4.1 %</b>
Inventory movements	-9	-5	100.0 %
<b>Total (Sold Quantity)</b>	<b>561</b>	<b>590</b>	<b>-4.9 %</b>

Source: Kontali

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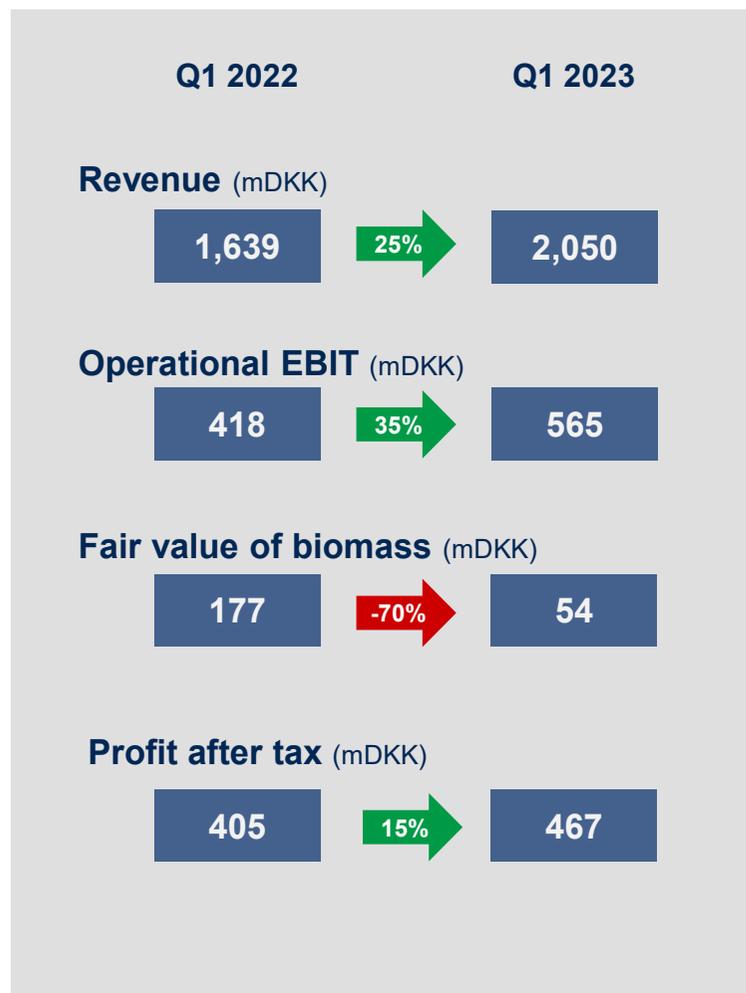
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# GROUP PROFIT AND LOSS

## HIGHER REVENUE AND OPERATIONAL EBIT

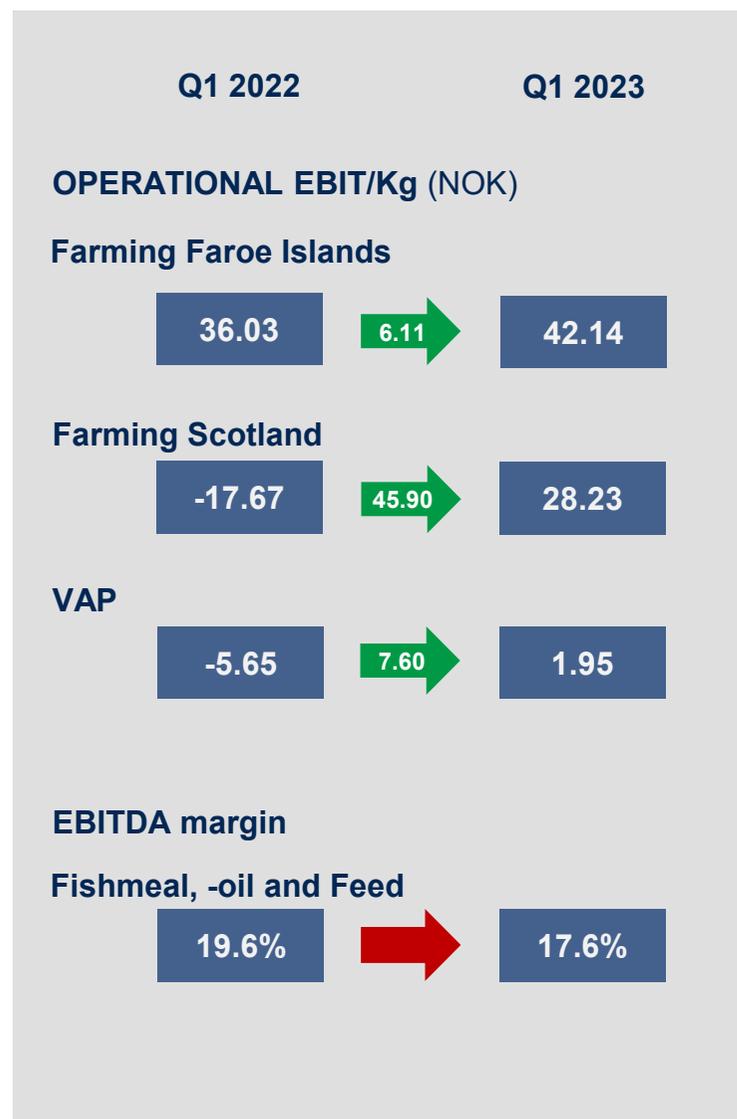


(DKK million)	Q1 23	Q1 22
Operating revenue	2.050	1.639
<b>Operational EBITDA*</b>	<b>714</b>	<b>554</b>
<b>Operational EBIT*</b>	<b>565</b>	<b>418</b>
Fair value adjustment of biological assets	54	177
Onerous contracts	0	-31
Income from associates	24	3
Revenue tax	-38	-58
<b>EBIT</b>	<b>605</b>	<b>510</b>
Net Financial items	-18	-18
<b>EBT</b>	<b>586</b>	<b>492</b>
Taxes	-119	-87
<b>Profit for the period</b>	<b>467</b>	<b>405</b>

\* Operational EBITDA and EBIT aligned for fair value adjustment of biomass, onerous contracts provisions, income from associates and revenue tax.

# MARGINS

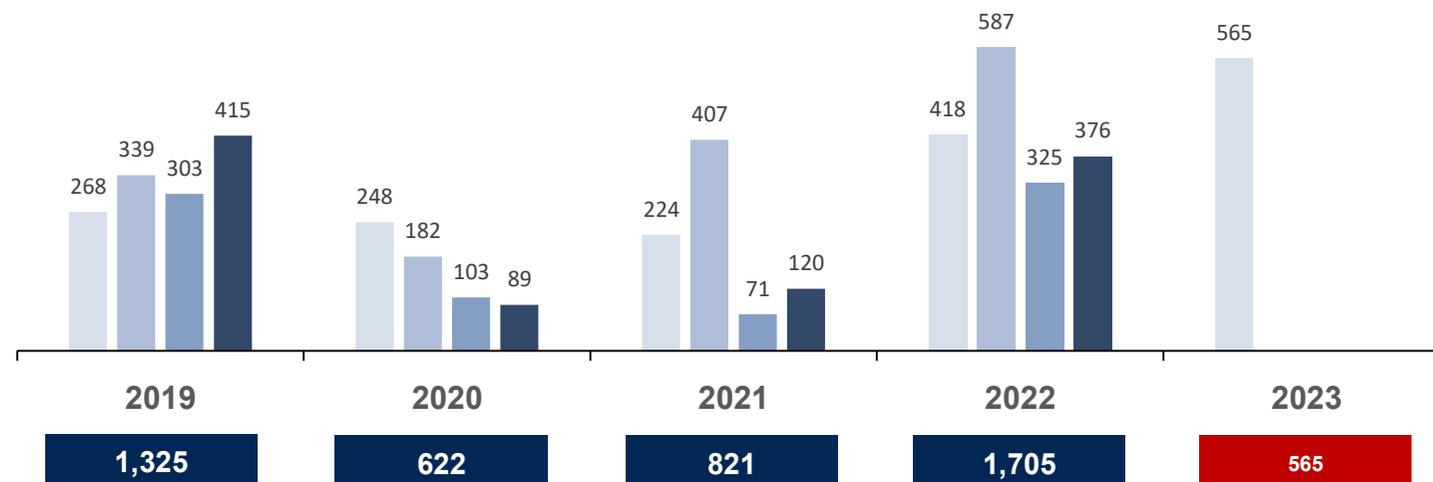
HIGHER OPERATIONAL EBIT MARGIN – SCOTLAND IMPROVED SIGNIFICANTLY



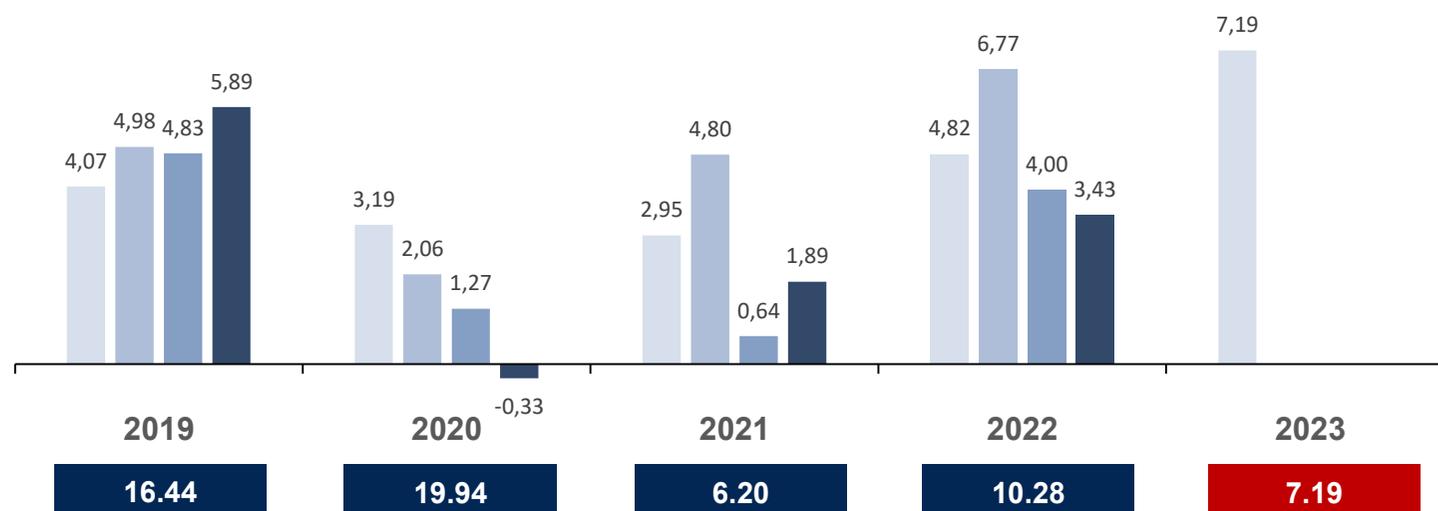
(DKK million)	Q1 23	Q1 22
Operational EBITDA margin	34.8%	33.8%
Operational EBIT margin	27.6%	25.5%
Operational EBIT/Kg (Farming FO) (NOK)	42.14	36.03
Operational EBIT/Kg (Farming FO and VAP) (NOK)	42.98	33.79
Operational EBIT/Kg (VAP) (NOK)	1.95	-5.65
Operational EBIT/Kg (Farming SCT) (NOK)	28.23	-17.67
EBITDA margin (Fishmeal, -oil and Feed)	17.6%	19.6%

# OPERATIONAL EBIT\* AND ADJUSTED EARNINGS PER SHARE\*\*

## Operational EBIT\* (mDKK)



## Adjusted EPS\*\* (DKK)



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

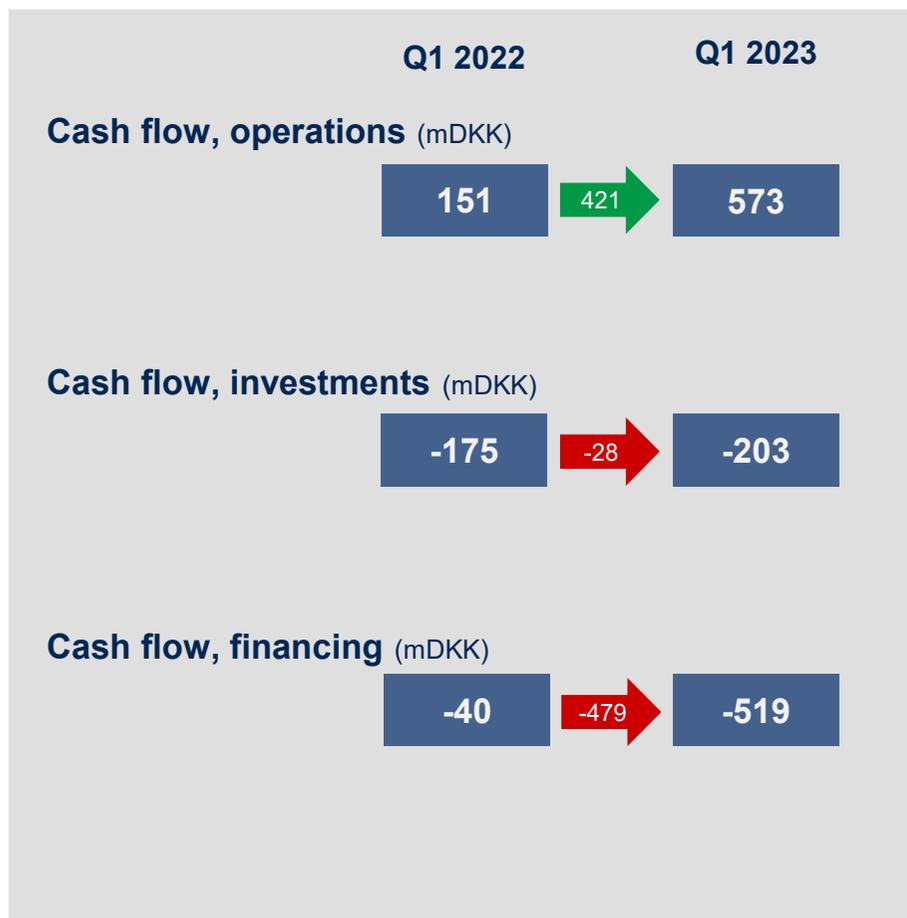
\*\*) Earnings per share adjusted for fair value of biomass, onerous contracts provisions and tax and these.

## Headlines (mDKK)

	End 2022		Q1 2023
<b>PPE:</b>	5,647	91	5,738
<b>Biological assets:</b> <i>*(whereof mDKK 937 (883) are fair value adjustments)</i>	2,938*	97	3,036*
<b>Inventory:</b>	1,074	53	1,128
<b>Receivables:</b>	809	-22	787
<b>Cash &amp; cash equiv.:</b>	720	-150	570
<b>Equity:</b>	10,396	488	10,884
<b>Equity ratio:</b>	62%		64%

(DKK million)	Q1 23	End 22
Intangible assets	4,509	4,509
Property, plant and equipment	5,738	5,647
Right of use assets	504	439
Financial assets	258	234
Deferred tax assets	336	336
Biological assets	3,036	2,938
Inventory	1,128	1,074
Financial derivatives	6	7
Receivables	787	809
Other receivables	173	168
Cash and cash equivalents	570	720
<b>Total Assets</b>	<b>17,044</b>	<b>16,882</b>
Equity	10,884	10,396
Deferred tax and other taxes	1,931	1,826
Long-term interest-bearing debt	2,927	3,383
Long-term leasing debt	416	353
Short-term leasing debt	77	106
Accounts and other payables	809	817
<b>Total Equity and Liabilities</b>	<b>17,044</b>	<b>16,882</b>

# CASH FLOW



(DKK million)	Q1 23	Q1 22
Cash flow from operations	573	151
Cash flow from investments	-203	-175
Cash flow from financing	-519	-40
Net change in cash	-150	-64
Cash at the end of the period	570	445
Undrawn facilities	2,857	2,999

# NET INTEREST-BEARING DEBT (NIBD)

NIBD DECREASED DURING Q1 2023

## NIBD was increased by:

- Net investments (mDKK 203)
- Change in working capital (mDKK 123)

## NIBD was decreased by:

- Cash flow, operating activities (mDKK -633)

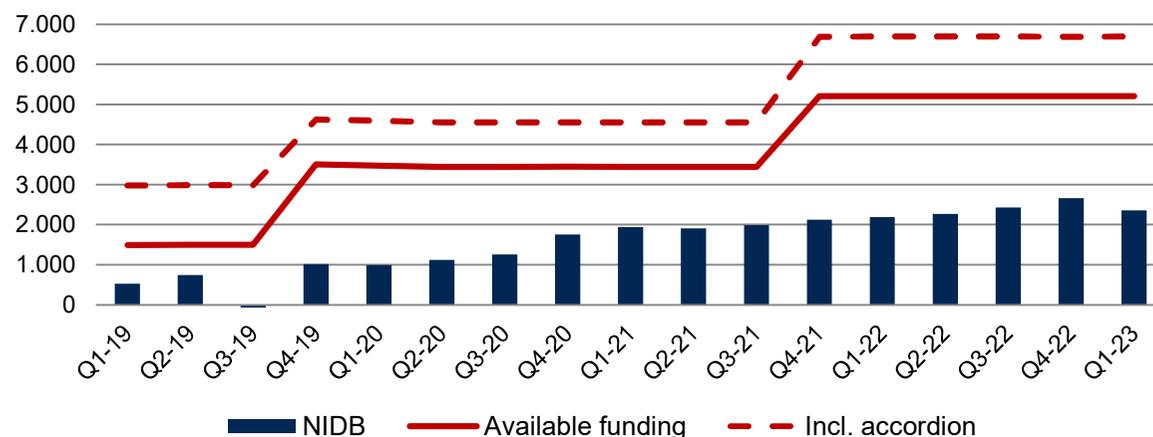
## Financing end Q1 2023

- NIBD: DKK 2,357 million
- Bank facilities of EUR 700 million, and an accordion of EUR 150 million.
- Undrawn credit facilities: DKK 2,857 million

### Development in NIBD in DKK millions



### NIBD and available funding





## Released our 6<sup>th</sup> Healthy Living Sustainability Report and a Summary Report

Including a new ESG index making it easier to find important KPI's on ESG

## TCFD

### Completed TCFD Climate-related scenario analysis

Bakkafrost has been working toward consistency with the TCFD recommended disclosures since 2019. One of the final tasks was to complete a climate-related scenario analysis, which we did in 2022.



### SBTI has started target verification

Bakkafrost's targets were submitted to SBTi in June 2022

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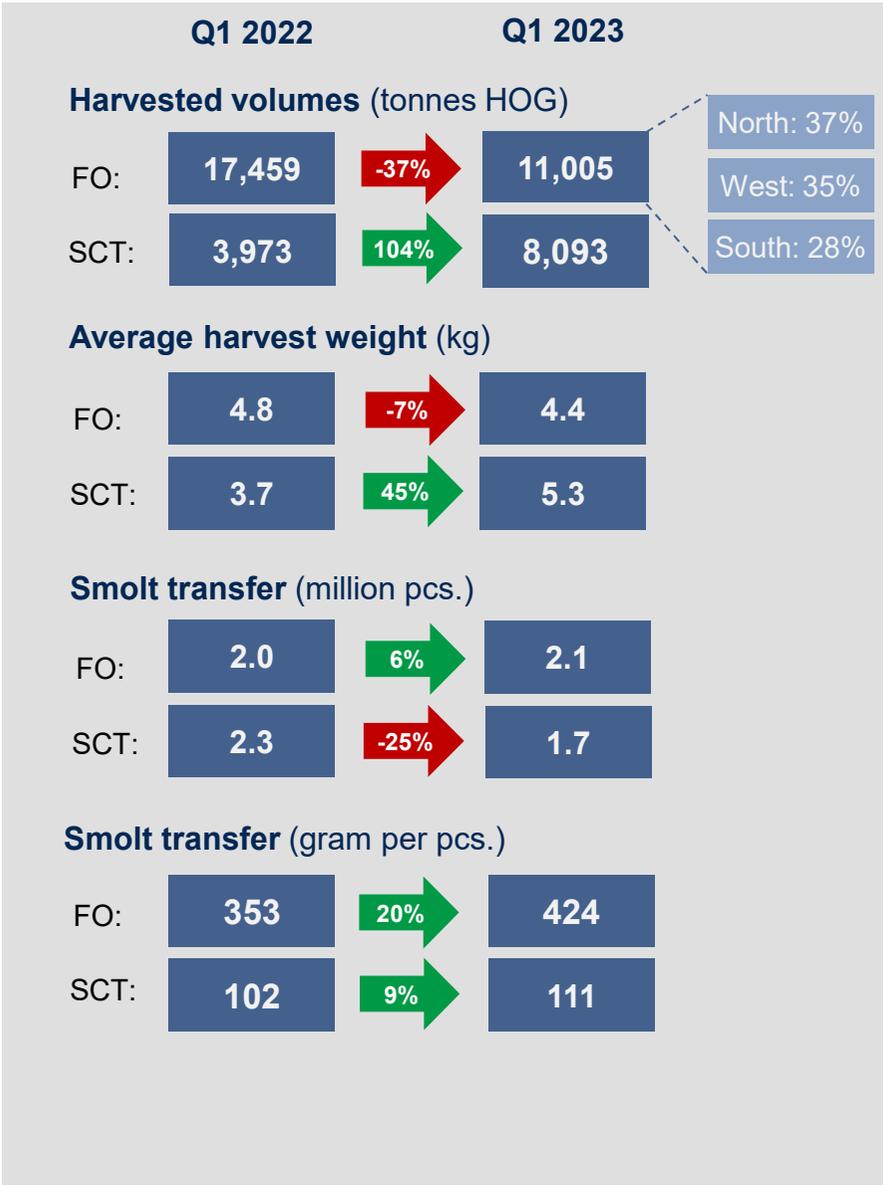


Superior Salmon from the  
**FAROE ISLANDS  
& SCOTLAND**

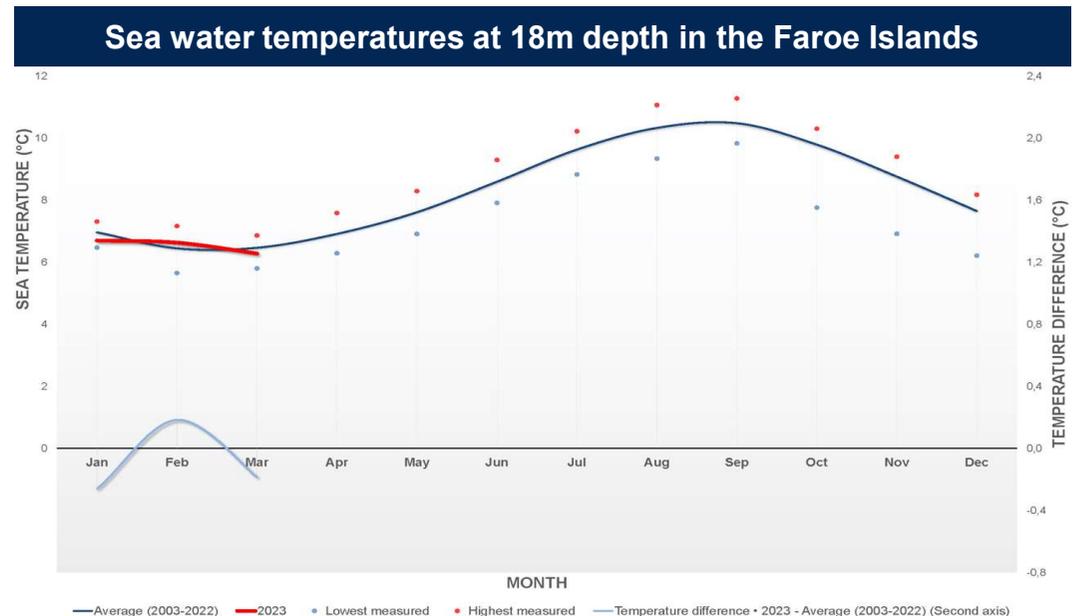


# FARMING – HARVEST VOLUME

HIGHER VOLUMES AND AVERAGE HARVEST WEIGHT INCREASED IN SCOTLAND



Harvest Volumes tonnes [HOG]	Q1 23	Q1 22
FO - North Region	4,126	10,046
FO - West Region	3,848	5,333
FO - South Region	3,031	2,080
<b>FO – Total</b>	<b>11,005</b>	<b>17,459</b>
SCT	8,093	3,973
<b>Total (FO &amp; SCT)</b>	<b>19,098</b>	<b>21,432</b>



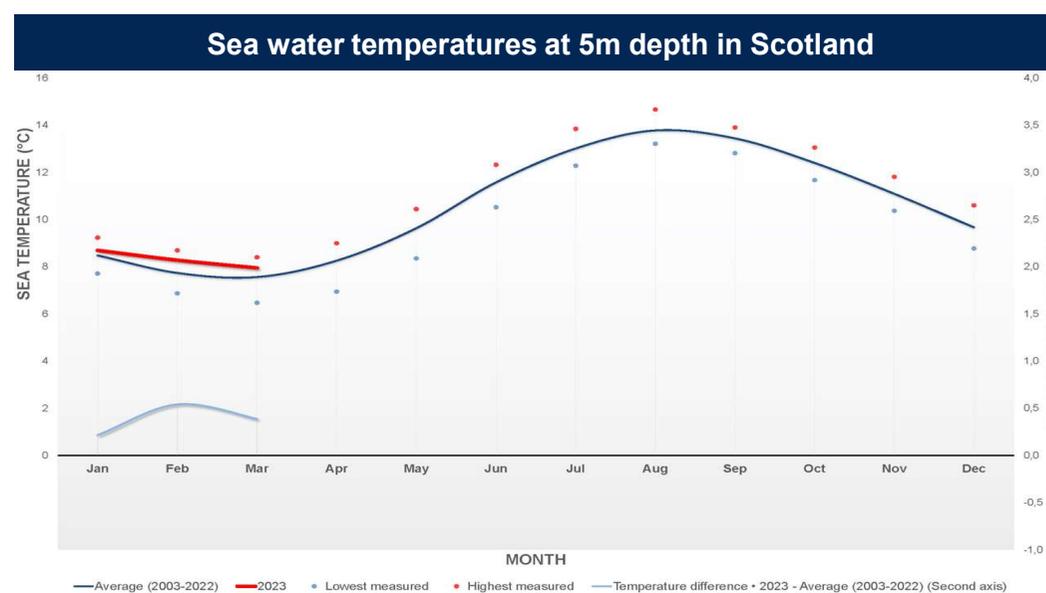
# FARMING – OPERATIONAL PERFORMANCE

## IMPROVED OPERATIONAL EBIT IN SCOTLAND

	Q1 2022		Q1 2023
<b>Operational EBIT (mDKK)</b>			
FO:	471	-157	314
SCT:	-53	207	155
<b>Operational EBIT margin</b>			
FO:	39%		29%
SCT:	-22%		22%
<b>Operating revenue (mDKK)</b>			
FO:	1,199	-101	1,097
SCT:	235	474	708

Farming FO (DKK million)	Q1 23	Q1 22
Operating revenue	1,097	1,199
Operational EBIT	314	471
Operational EBIT margin	29%	39%

Farming SCT (DKK million)	Q1 23	Q1 22
Operating revenue	708	235
Operational EBIT	155	-53
Operational EBIT margin	22%	-22%

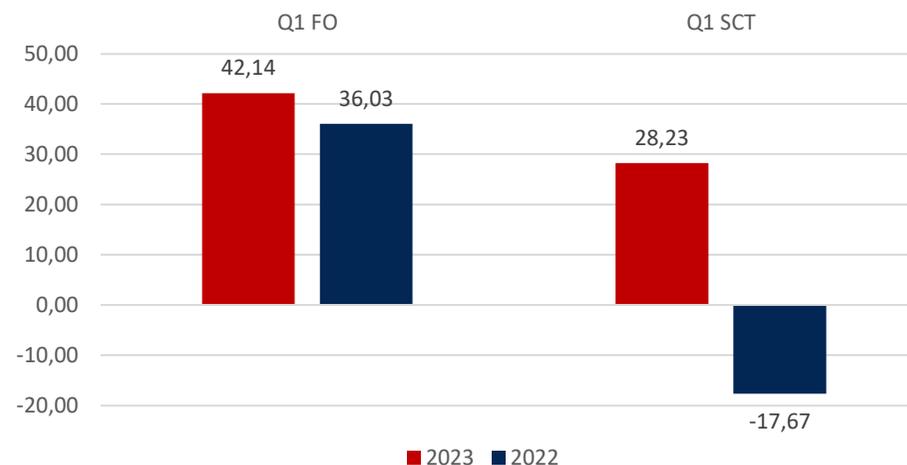


# FARMING – OPERATIONAL PERFORMANCE

## IMPROVEMENTS IN BOTH REGIONS



### Margin - EBIT per kg total harvested quantity [NOK/kg]



**FO:** Good biological development  
Low sea lice levels  
Improved biological KPI

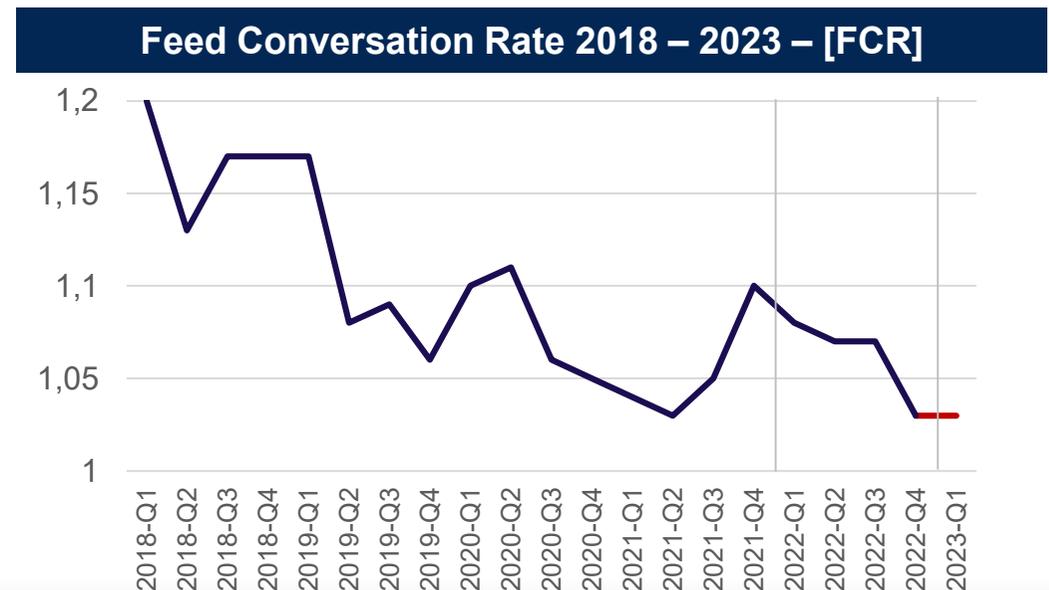
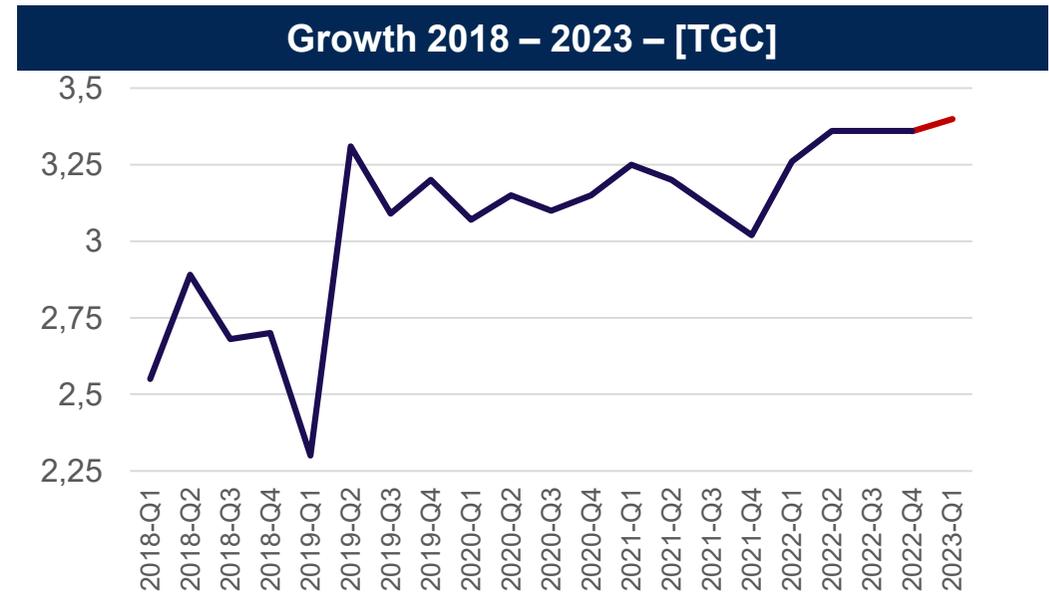
**SCT:** Improved biological development, lower mortality  
Higher harvest volumes and biomass  
Low sea lice levels  
Increased average harvest weight

**Good growth rate ✓**

- Very strong development in growth
- Indication of good fish welfare and strong biology

**Low Feed Conversion Rate FCR ✓**

- Impressive development continues
- All time low – 1.03 Q4/22 continues into Jan 2023 for harvested fish

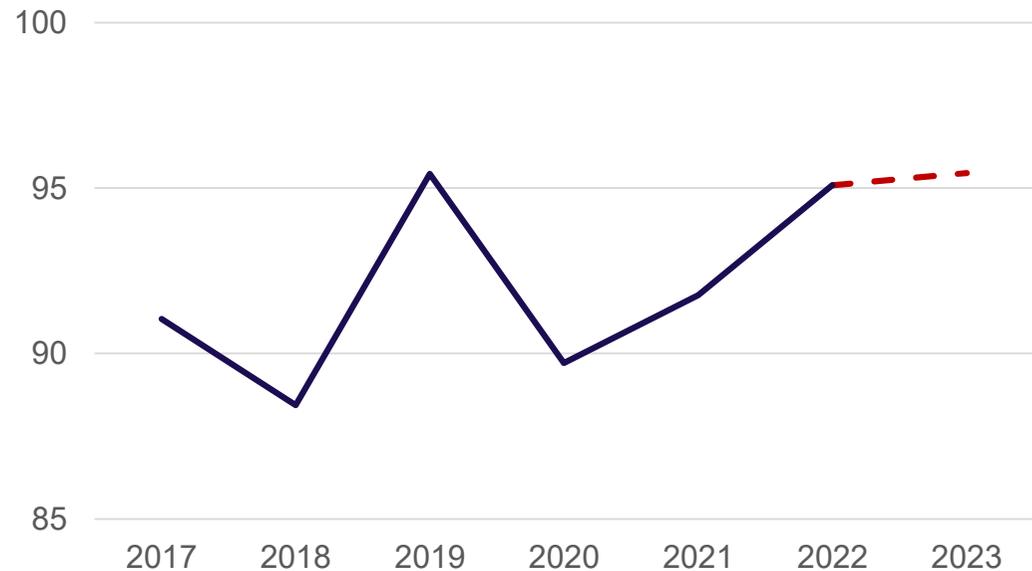


### High survival rate\* ✓

- Survival rate ~**95%** in 2022 improved from **91.76%** in 2021
- Our goal is:  
above 95% survival to harvest

\* GSI calculation method 12m rolling

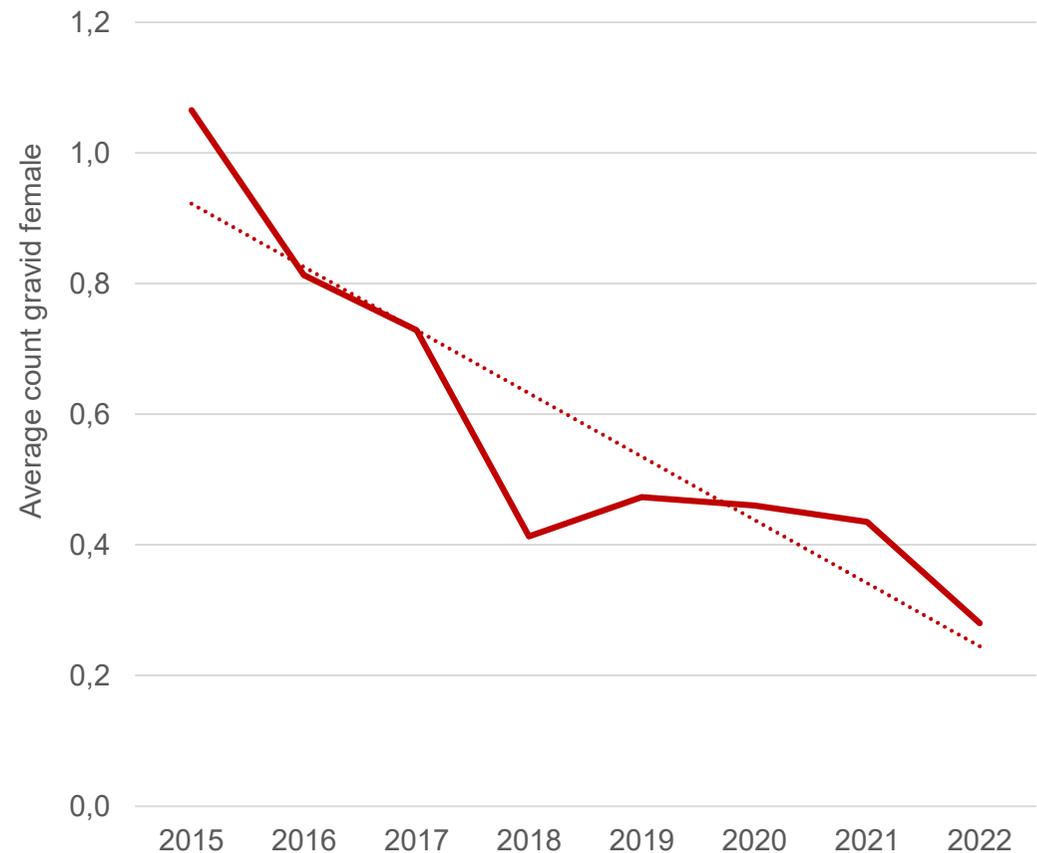
### Bakkafrost Faroes – Survivability 2018 - 2023



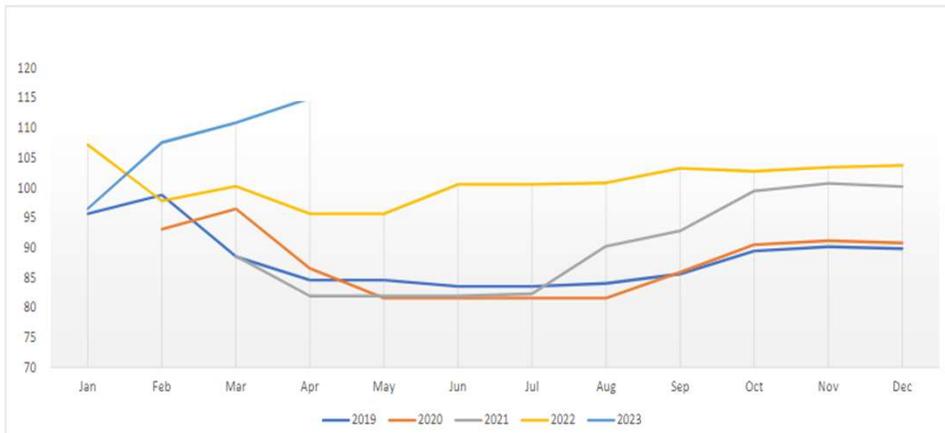
- Sea lice numbers **all time low** ✓
  - Dropped to 0.28 in 2022 from 0.45 in 2021
- With new FSV Bakkafossur  
Fresh water and FLS dual combat system  
we add more sustainable solutions to our  
toolbox to combat sea lice



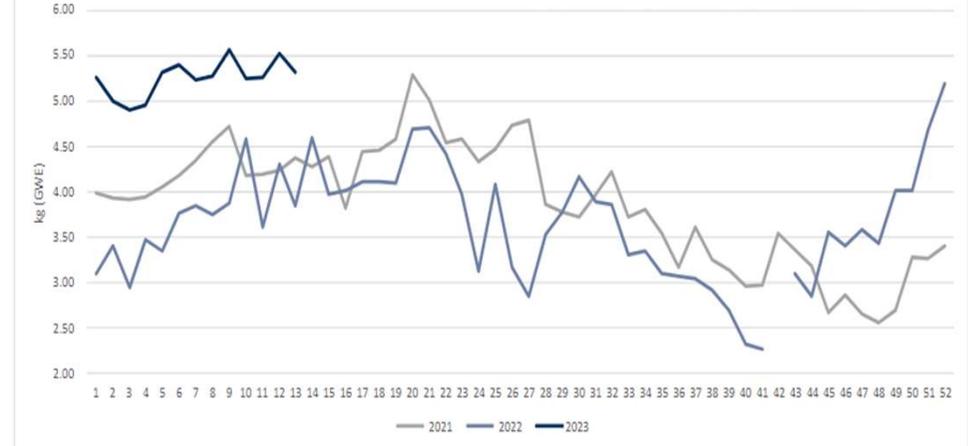
### Average count of sea lice Adult Female 2015 - 2022



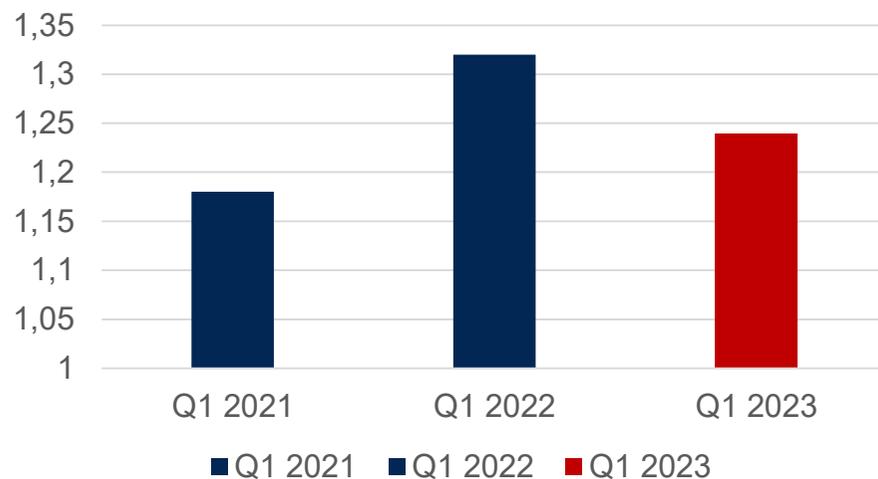
### Average smolt weight increasing



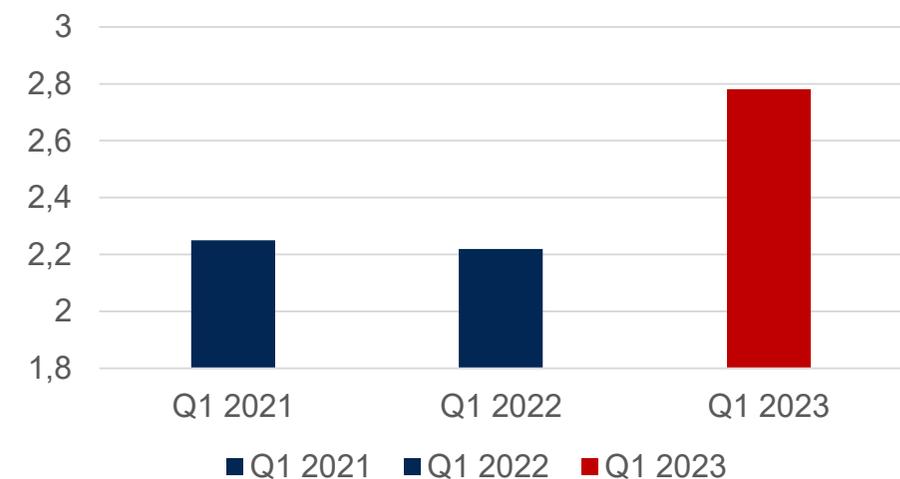
### Average harvest weight increasing



### Biological Feed Conversion Ratio improved vs. 2022



### Improved growth (TGC)



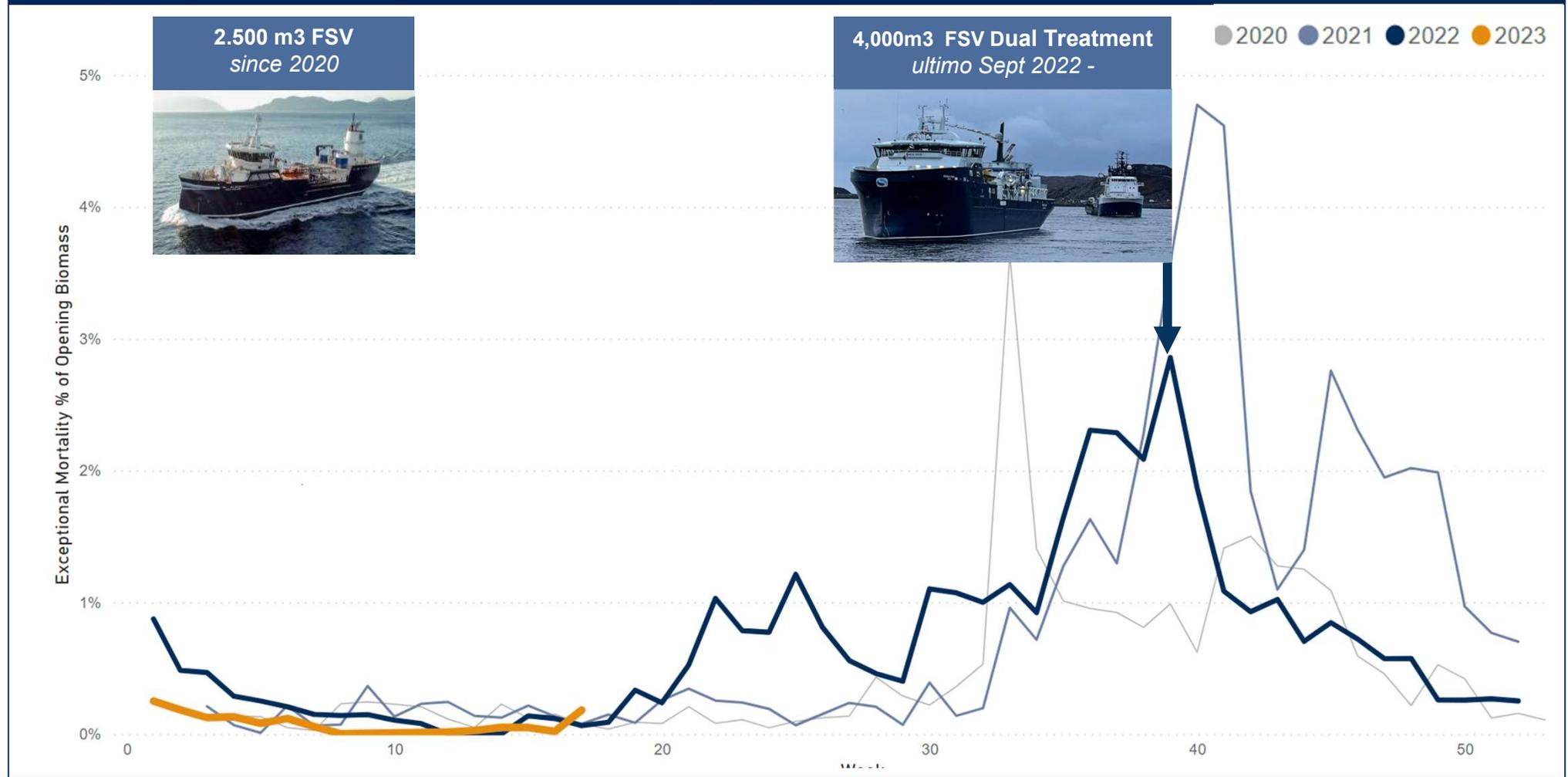


# FARMING SCOTLAND

## POSITIVE EFFECT FROM INCREASED FRESHWATER TREATMENT CAPACITY

- New capabilities for efficient and gentle dual-treatment for gill health and sea lice
- Now permanently two Farming Service Vessels in service all year around to clear gills and sea-lice

### Weekly exceptional mortality value 2020 – 2023 (April)

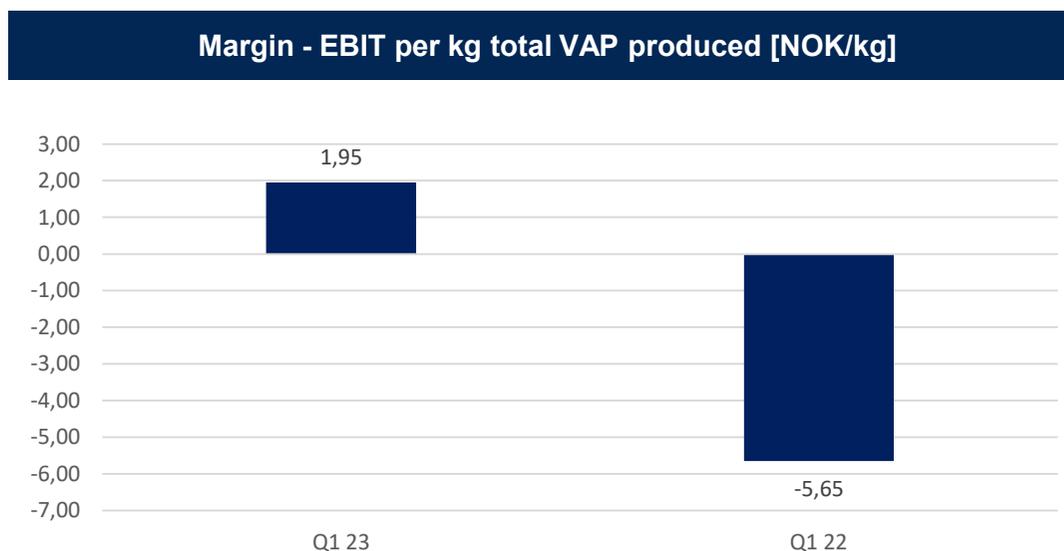


# VALUE ADDED PRODUCTS (VAP)

## LOWER VOLUMES AND HIGHER COST OF RAW MATERIAL

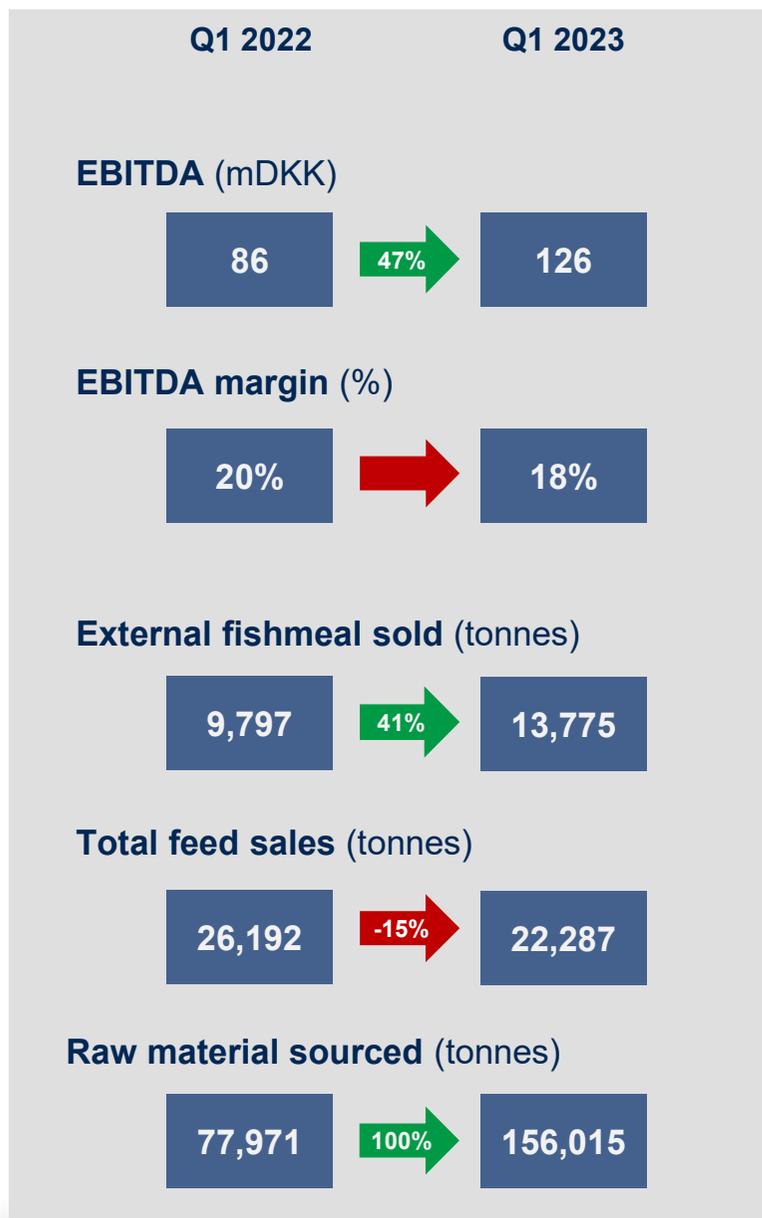


(DKK million)	Q1 23	Q1 22
Operating revenue	378	418
Operational EBIT	6	-29
Operational EBIT margin	2%	-7%
Farming FO transferred to VAP (tgv)	5,098	6,677
VAP produced (tgv)	4,753	6,936



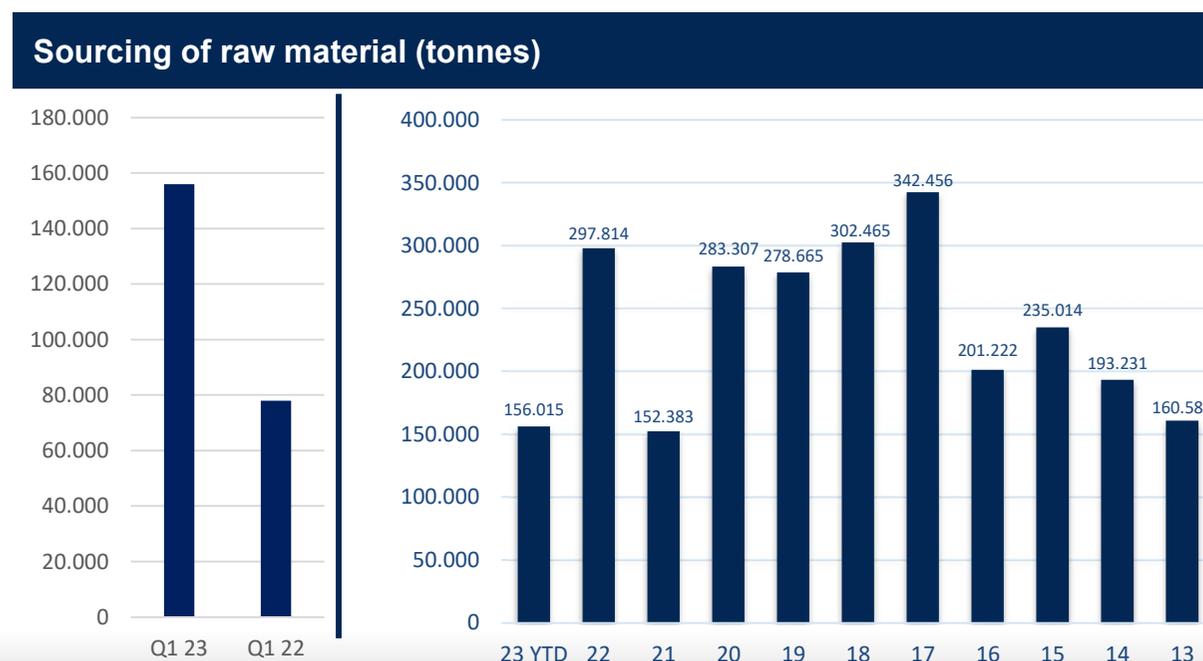
# FISHMEAL, OIL AND FEED (FOF)

## HIGHER EBITDA AND HIGHER SALES OF FISHMEAL AND FISH OIL



(DKK million)	Q1 23	Q1 22
Operating revenue	731	442
EBITDA	129	86
EBITDA margin	18%	20%
Feed sold (tonnes)*	22,287	26,192
Fishmeal sold external (tonnes)	13,775	9,797

- Including internal sales, corresponding to 98% of feed volumes in Q1 2023 (Q1 2022: 96%)



# MARKET CONDITIONS FEED

UNCHANGED INTERNAL FEED SALES AND INCREASED EXTERNAL FEED SALES



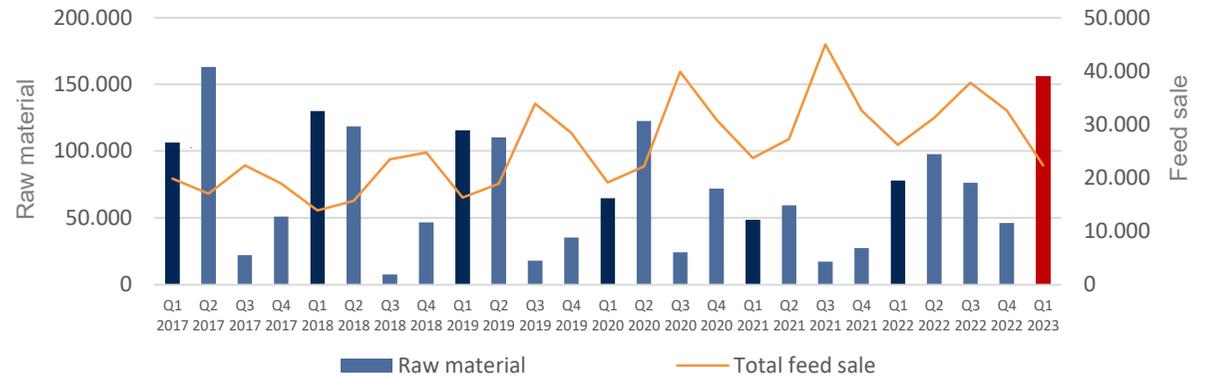
## Raw material sourcing

- Sourcing of marine raw materials in Q1 2023 were exceptional in volume versus previous years

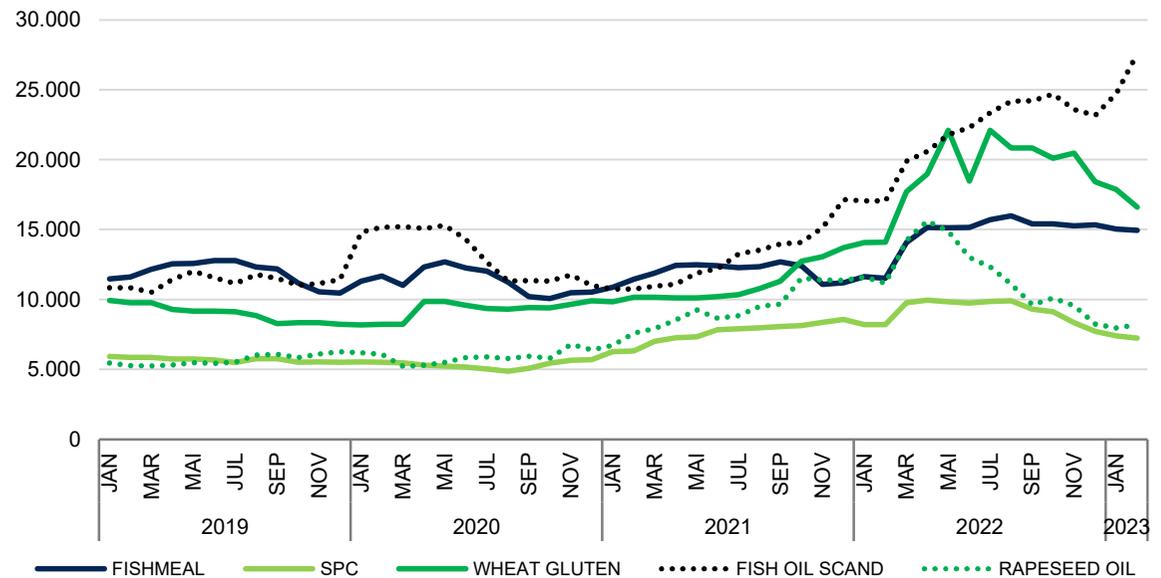
## Feed raw material prices

- Fish oil prices all-time high
- Fishmeal stable on high level
- Rapeseed oil decreasing
- Vegetable proteins decreasing

Raw material sourcing vs Feed sale [tonnes]



Feed rawmaterial market prices [DKK/ 1,000kg]



Source: Holtermann

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# EXPECTED HARVEST GROWTH OF 2% IN 2023

## Expectation low single digit global growth

- Increase from negative development in Q1 2023

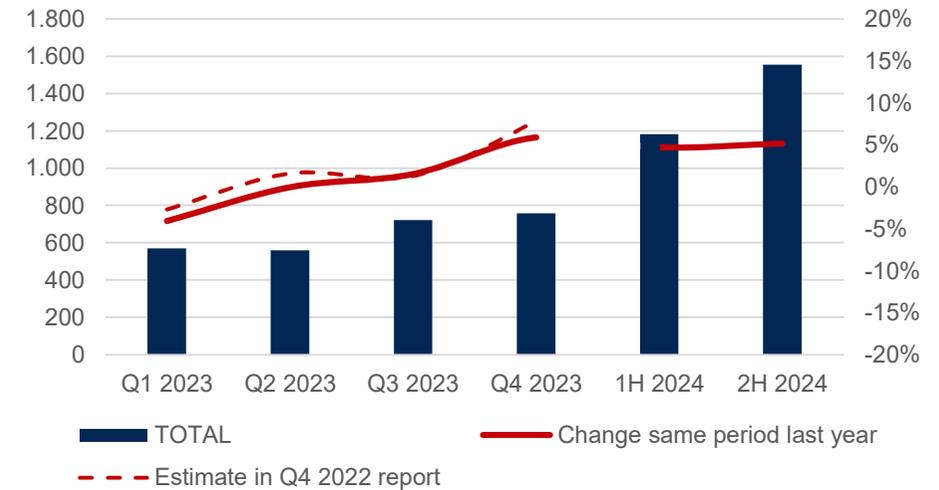
## European harvest set for mid-single digit growth

## America mixed coming quarters

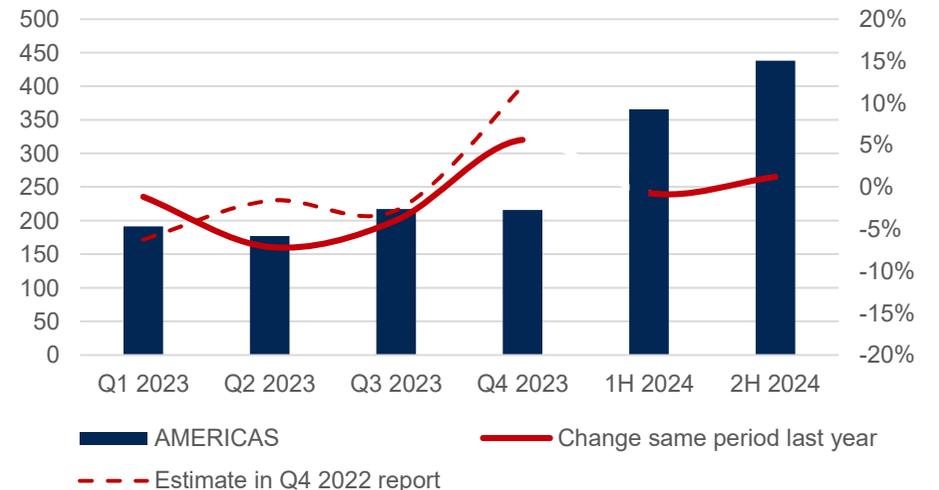
- Decline in Q2 and Q3 2023
- Positive development in Q4 2023 and 2024

## First look at 2024 indicates mid single digit growth

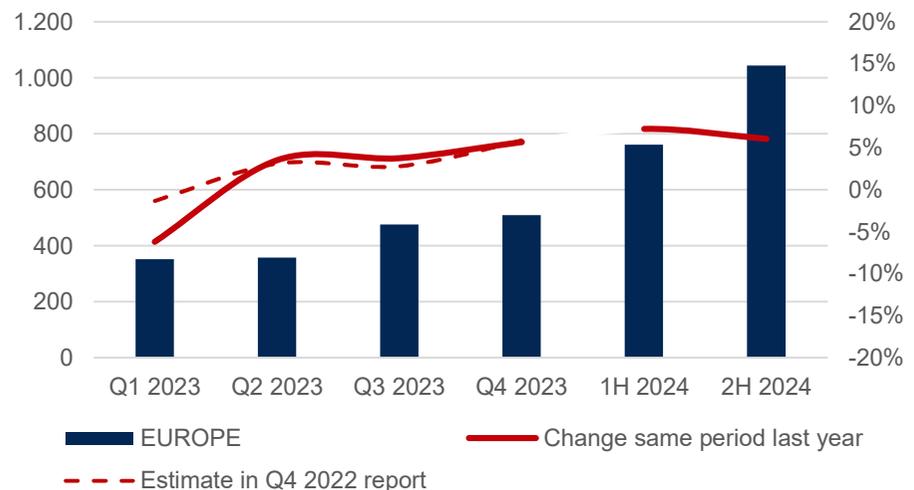
### SUPPLY - TOTAL



### SUPPLY - AMERICAS



### SUPPLY - EUROPE



# OUTLOOK

## Market

### Global harvest:

- Decreased 4% in Q1 2023 vs Q1 2022
- 2% global supply growth expected in 2023

## Farming

### Harvest:

- Expected harvest of 98k GWT  
(Faroe Islands: 68k and Scotland: 30k)

### Smolt release:

- In 2023, Bakkafrost expects to release 25.6 million smolts (Faroe Islands: 16.0 and Scotland: 9.6)

## Contracts

- For 2023, Bakkafrost has signed contracts for around 23% of the total expected harvest volumes

## Fishmeal, Oil and Feed

- Feed sales are expected to be around 130,000 tonnes in 2023
- Fishmeal and fish oil volumes are expected to be similar in 2023 as in 2022

## Business development / Investment programme

- Headlines from Capital Markets Day on 14-15 September 2021:
  - During 2022-2026, DKK 6.2 billion will be invested in the Faroe Islands and Scotland
  - Improve the operation in Scotland
  - Pursue sustainable organic growth in the Faroe Islands and Scotland
- Next Capital Markets Day 6 June 2023 in Scotland

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Truly fresh - The worlds best salmon delivered within 24 hours after being alive

- Reduce environmental footprint, 40-50% less CO2 footprint

- Reduce flown distance and omit the weight of ice

- Reducing food waste



- Bakkafrost uses ship transport and trucking whenever possible, such as for all frozen products and fresh products to nearby markets.

- Fresh salmon delivered to long-distance markets such as US and Asia are transported by air

# RECEPTION OF BAKKAFOSSUR 8<sup>TH</sup> JAN 2023



- 108m long / 23m wide
- 10.000m<sup>3</sup> Live Fish Carrier
  - 4 x 1.750m<sup>3</sup> tanks = 7.000m<sup>3</sup> for LFC
  - 3.000m<sup>3</sup> tanks for freshwater
  - 6.000m<sup>3</sup> freshwater production capacity per 24h
- Will significantly change the abilities for fresh water treatment in Faroe Islands



# FLEET OF LARGE VESSELS

**M/S Bakkafossur**



- Combined live fish carrier and utility vessel
- 7,000 m<sup>3</sup> capacity for freshwater treatments for improved gill health and option for enclosed treatments with anti-parasitic agents
- Two-line flushing delousing system will be added in April 2023

**M/S Hans á Bakka**



- Combined live fish carrier and utility vessel
- 3,000 m<sup>3</sup> capacity for freshwater treatments for improved gill health

**M/S Martin**



- Utility vessel
- Four-line thermic system for luke warm water treatment
- Six-line flushing delousing system

**M/S Róland**



- Utility vessel
- Four-line thermic system for luke warm water treatment

**M/S Bakkanes**



- Utility vessel
- Four-line flushing delousing system

**4,000 m<sup>3</sup> vessel in Scotland**



- Combined live fish carrier and utility vessel
- 4000 m<sup>3</sup> capacity for freshwater treatments for improved gill health
- One-line flushing delousing system

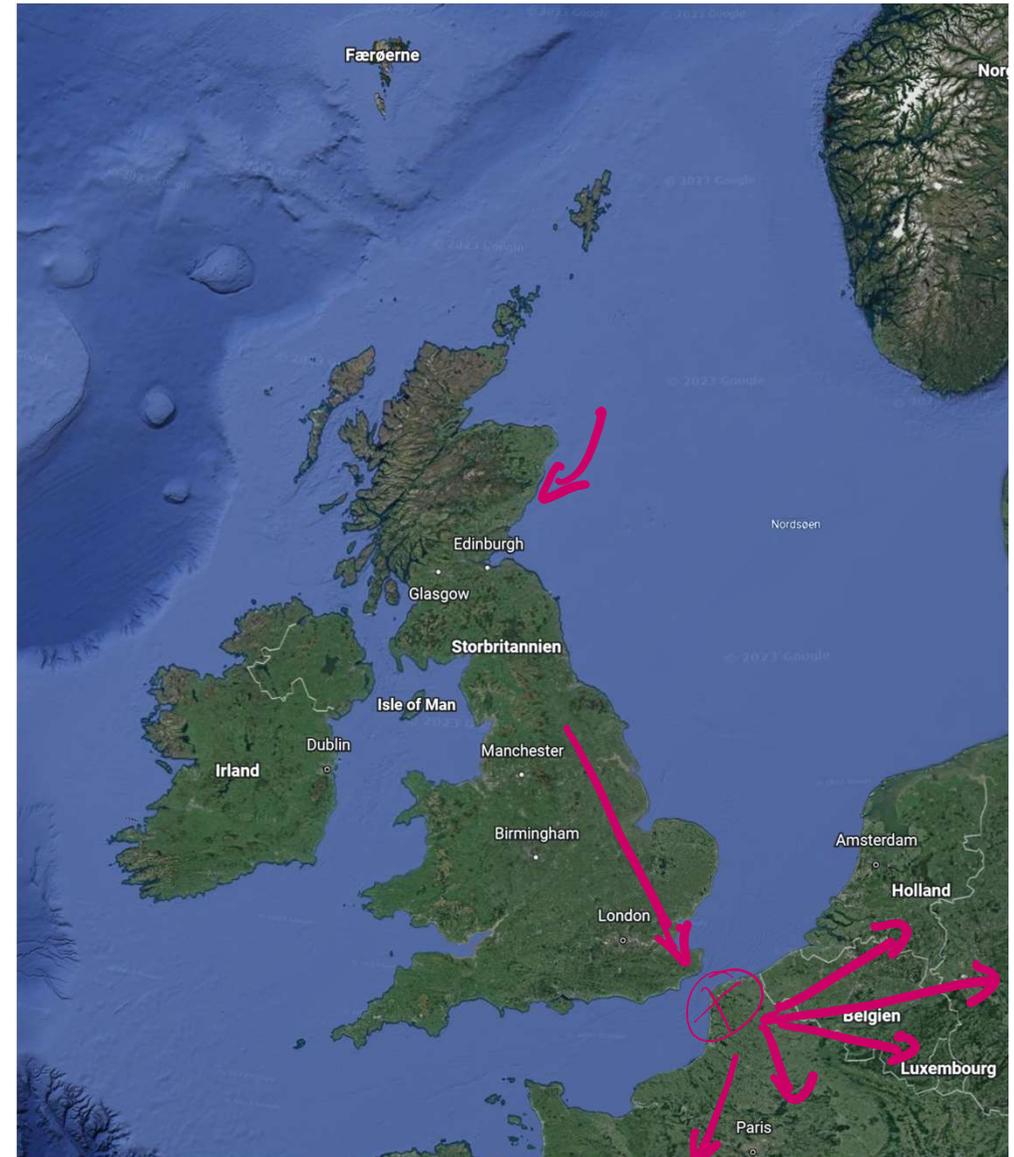
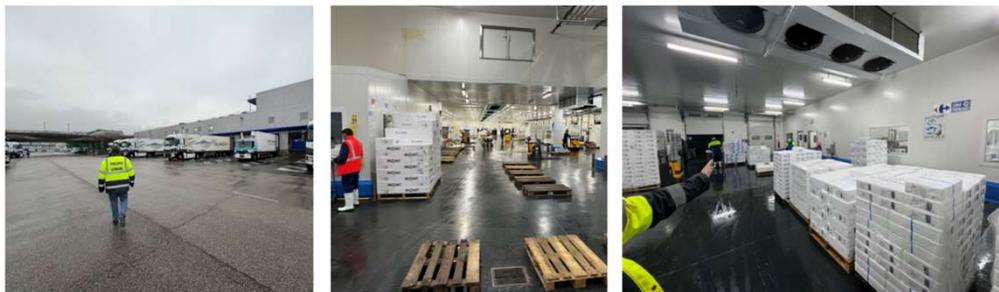
**2,500 m<sup>3</sup> vessel in Scotland**



- Combined live fish carrier and utility vessel
- 2500 m<sup>3</sup> capacity
- One-line flushing delousing system

# BAKKAFROST FRANCE

- Faroe France for last 25 yrs
- Sales and distribution
- 3 Employees
- **Achievements/Goals**
  - Better service to customers
  - Day to day delivery
  - Inventory and management to retail and food service customers
  - Reach new market segments
  - Improve efficiency



## NEW BROODSTOCK FACILITY IN SKÁLAVÍK

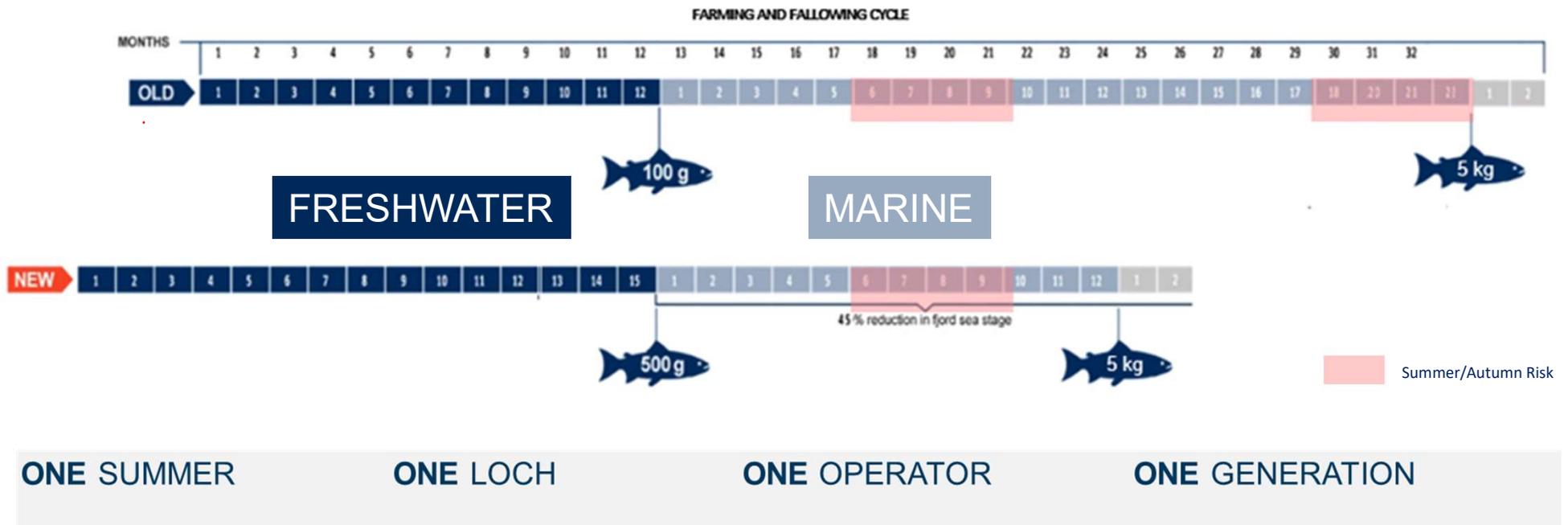
- Still waiting for authority final approvals to start building proces
- Hope to start building proces in 2023
- **Production capacity: 70 – 100 million eggs of own strain eggs**



**Large Smolt Strategy**

- Reduced biological risk
- Increased production efficiency
- Enables growth

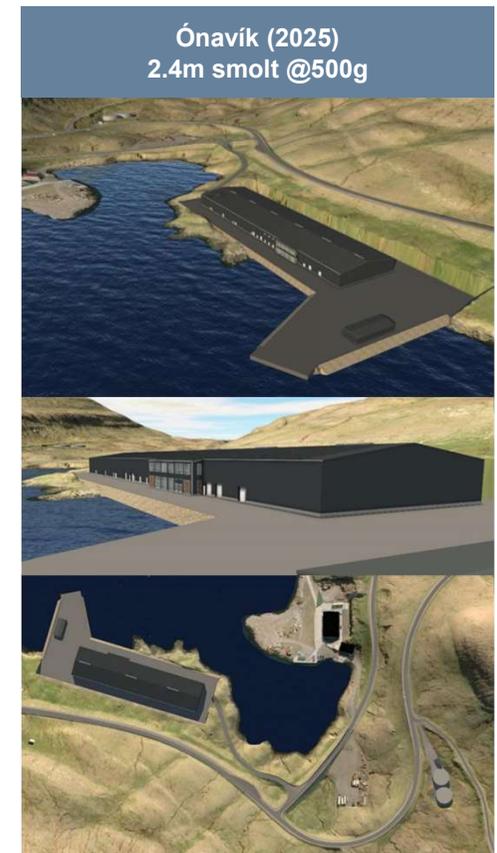
*Allowing for  
 "ONE SUMMER"  
 cycles*



# HATCHERY EXPANSIONS - FAROE ISLANDS

INCREASING HATCHERY CAPACITY FROM 15 TO 23 MILLION AT 500G

- The Strond hatchery has significantly increased smolt capacity
- Large smolts grow strongly after release
- Very low feed conversion rate

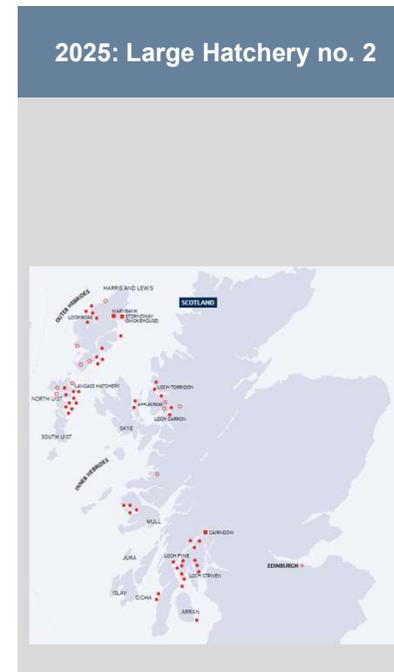
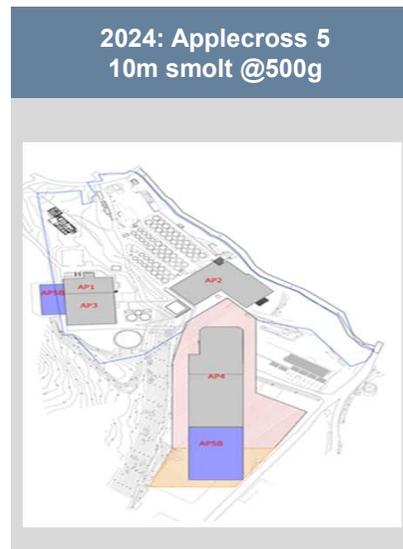


Existing hatcheries at Viðareiði, Gjógv and Húsar  
3.3m smolt @500g

# HATCHERY EXPANSION - SCOTLAND

## INCREASING HATCHERY CAPACITY TO +18 MILLION AT 500G

- Significant increase in smolt capacity in Scotland



# OUR ROADMAP TO LARGER SMOLT IN SCOTLAND

## RAPIDLY REDUCING THE GAP BETWEEN FAROE ISLANDS AND SCOTLAND



# OUR ROADMAP TO LARGER SMOLT IN SCOTLAND

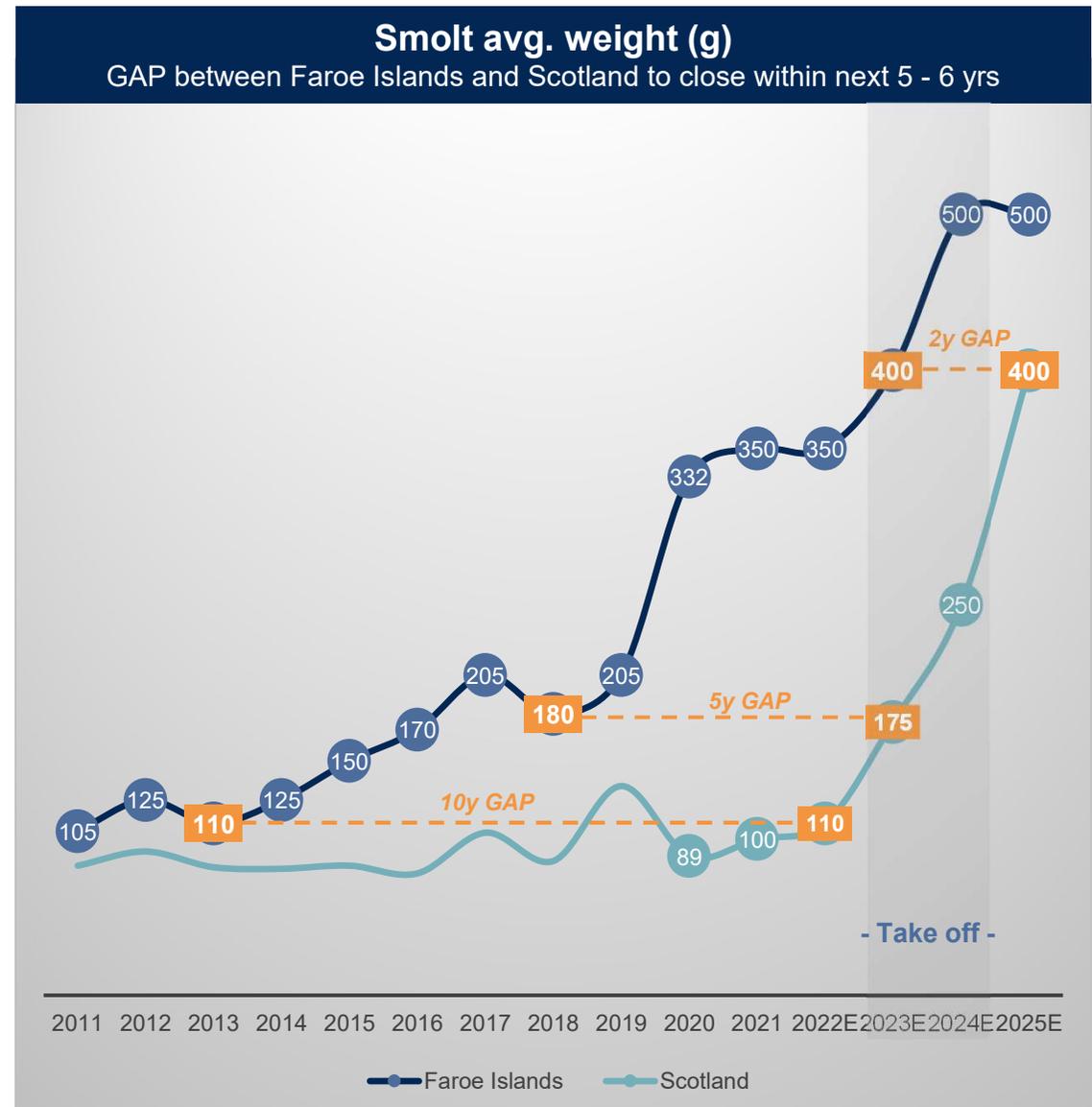
## RAPIDLY REDUCING THE GAP BETWEEN FAROE ISLANDS AND SCOTLAND

### Freshwater Strategy

- Simplify operations
- Safe, energy effective and cost-efficient production
- Optimal and stable water quality
- Sustainability – less water use – lochs
- High growth and low mortality rates

### Marine Impact

- Lower Biological Risk – shorter cycles
- Less handling for treatments
- One Summer
- Healthier salmon - welfare
- Sustainability



# HATCHERY COMPARISON EXAMPLE

## THE PAST VS. TO-BE

### Scotland

Hatchery: Barvas  
Capacity: 730 m<sup>3</sup>  
Technology: Flow-through



### Faroe Islands

Hatchery: Strond  
Capacity: 29,000 m<sup>3</sup> (40x larger)  
Technology: RAS (99.7% recycling)



# HATCHERIES IN SCOTLAND

## APPLECROSS PROGRESSING

### Applecross progressing

- Transferring smolt from AP 2 to AP 4 in May 2023
- Delivering first large smolt from AP4 to marine sites in Q3 2023  
– 2 months delayed
- AP5 in operation in 2024



# HATCHERIES IN SCOTLAND – THE PAST



# HATCHERIES IN SCOTLAND - THE PAST

## APPLECROSS



# SCOTLAND SITE OVERVIEW

7,742 TONNES OF CONSENT INCREASE SINCE THE ACQUISITION

**Total consent has increased by 11.6% (7,742 tonnes) since the acquisition in Q4 2019**

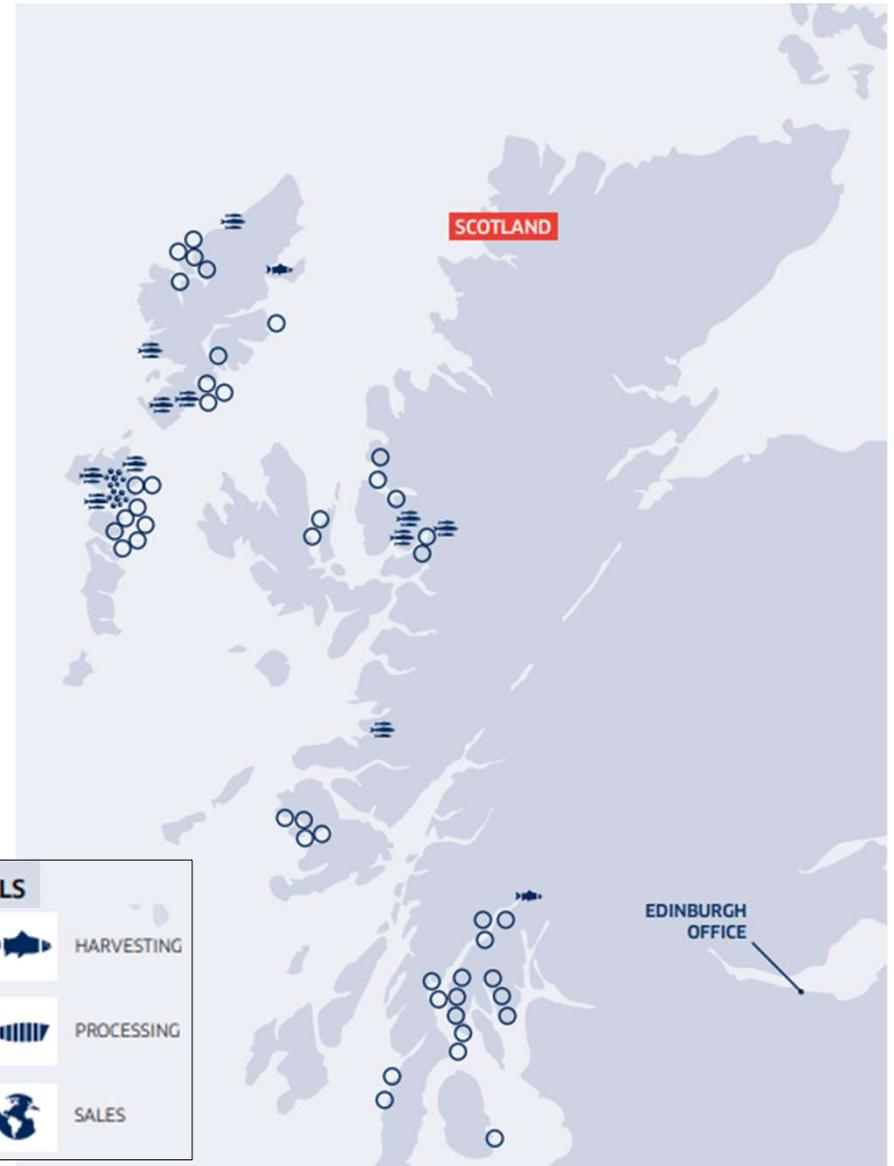
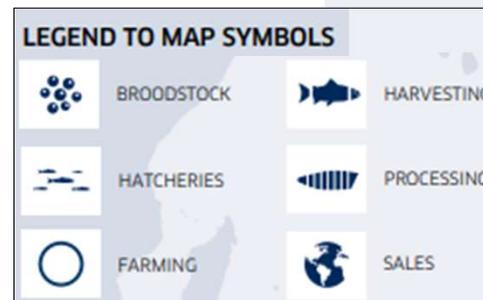
**Total consent is 74,765 tonnes in 44 farming sites:**

**North:** 24 sites / 44,415 tonnes consent

- Uist, 5 sites
- Sky & mainland, 6 sites
- Loch Roag, 7 sites
- East Lewis & Harris, 6 sites

**South:** 20 sites / 30,350 tonnes consent

- Mull and Gigha, 6 sites
- Loch Striven and Arran, 4 sites
- Loch Fyne, 10 sites



# SCOTLAND – STRATEGIC RATIONALE

1. Provides **access** to the attractive Scottish farming region
  - **Niche** and differentiated region
  - **High-quality** salmon from Scottish Provenance priced at a premium
  
2. Creating a differentiated **global leader in premium salmon**
  - Exposure to **two geographies**, the Faroe Islands and Scotland
  - **Premium brands**



West Strome, Scotland



# SCOTLAND – STRATEGIC RATIONALE

## 3. Potential for significant **improvement**

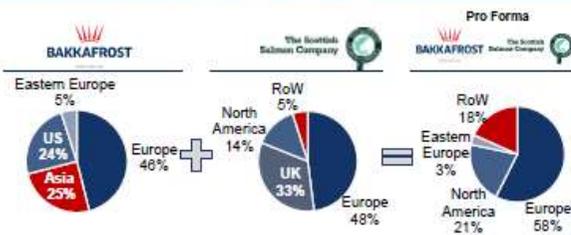
- Scottish Salmon **profitability** to improve over five years through transfer of best practices
- **Synergies**
- Targeted **investment programmes**

## 4. Financially attractive

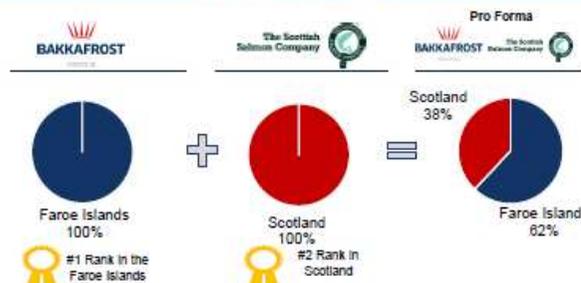
- Acquiring the business at a **reasonable value, multiple** to the sector and Bakkafrost



### Revenue by Geography<sup>2</sup>



### Harvest by Geography



Source: Company filings, company website, Mowi Salmon Farming Industry Handbook 2019.

<sup>1</sup> Harvest figures reflect total harvest in European region comprising of Norway, United Kingdom / Scotland and Faroe Islands as per Mowi Salmon Farming Handbook.

<sup>2</sup> Geographic breakdown of revenue based on H1 2019 data for both companies.

## ~ 6.2BN PLANNED INVESTMENTS 2022-2026

FRONTLOADED TO ACCELERATE BUSINESS TRANSFORMATION IN SCOTLAND

### Faroe Islands:

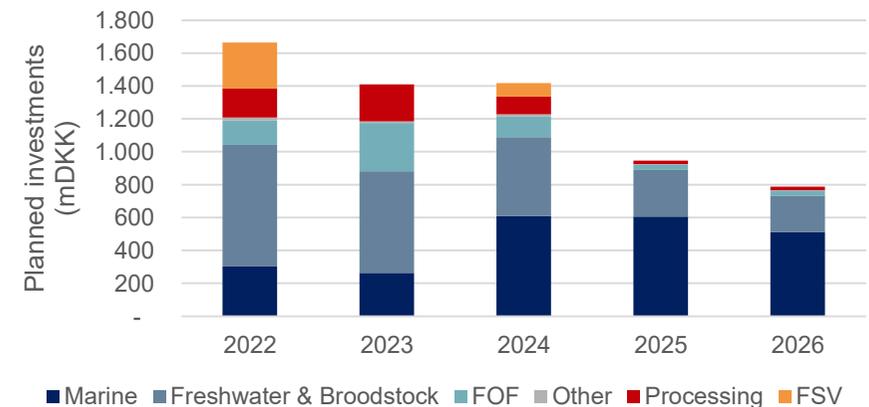
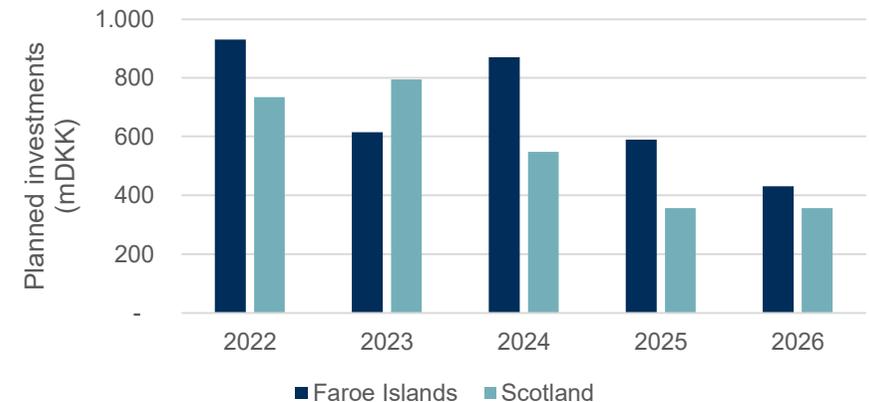
- Hatchery capacity (2026 capacity: +23m smolt at 500g)
- Increase feed capacity to cater 200,000 tonnes (HOG) harvest
  - Flexibility for further expansion to 290kt (HOG) harvest
- 7,000m<sup>3</sup> multi-purpose well boat
- Seawater expansion investments, including offshore
- Broodstock facility

### Scotland:

- Hatchery capacity (+18m smolt at 500g in 2026)
- Processing plant
- Treatment vessels
- Marine Site development

The planned investment profile is subject to necessary agreements being secured with responsible authorities

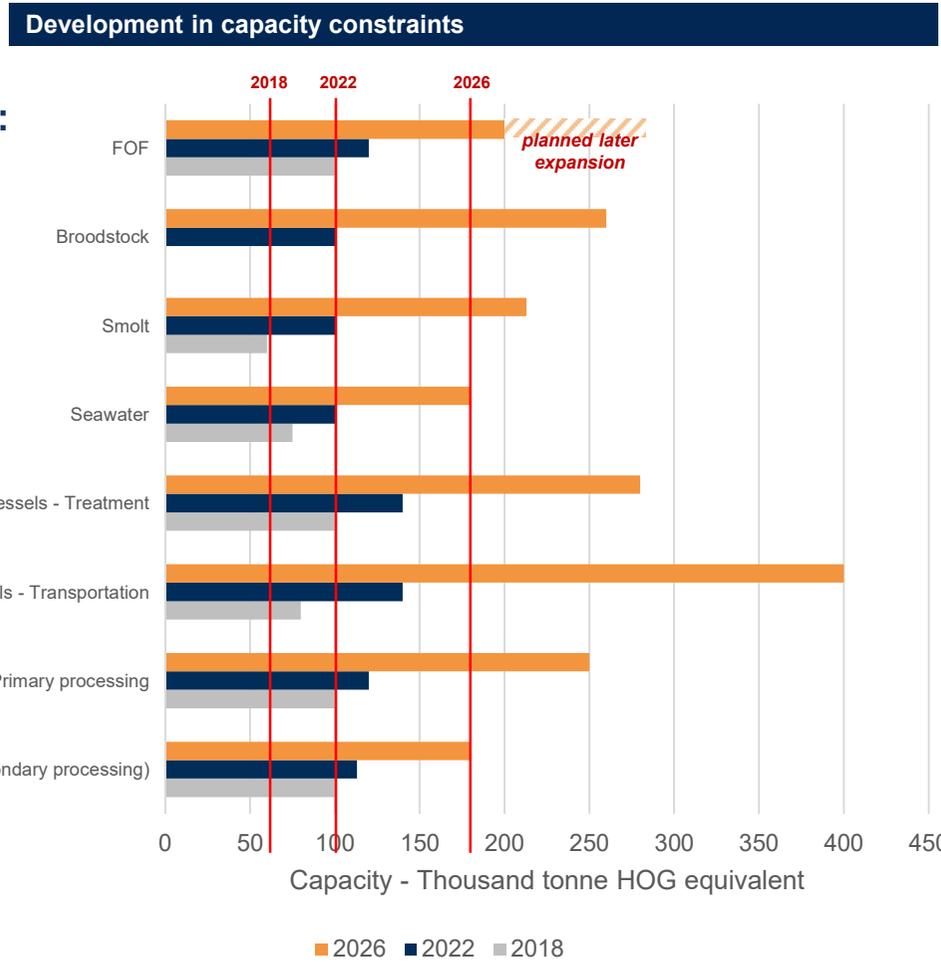
Planned investment profile 2022-2026 (DKK 1,000)



# PLANNED INVESTMENTS ENSURE SIGNIFICANT UPLIFT IN CAPACITY

## VALUE CHAIN SYNCHRONISED AT 180KT HOG HARVEST CAPACITY IN 2026

- Value chain synchronised at 180kt capacity in 2026
- Extra capacity as “insurance” & flexibility and for growth:
  - Broodstock *(flexibility and future growth)*
  - Smolt *(flexibility and future growth)*
  - Treatment *(improved ability to deal with biological issues)*
  - Vessel transportation *(flexibility and future growth)*
  - Primary processing *(market flexibility)*
  - Transportation *(flexibility and future growth)*

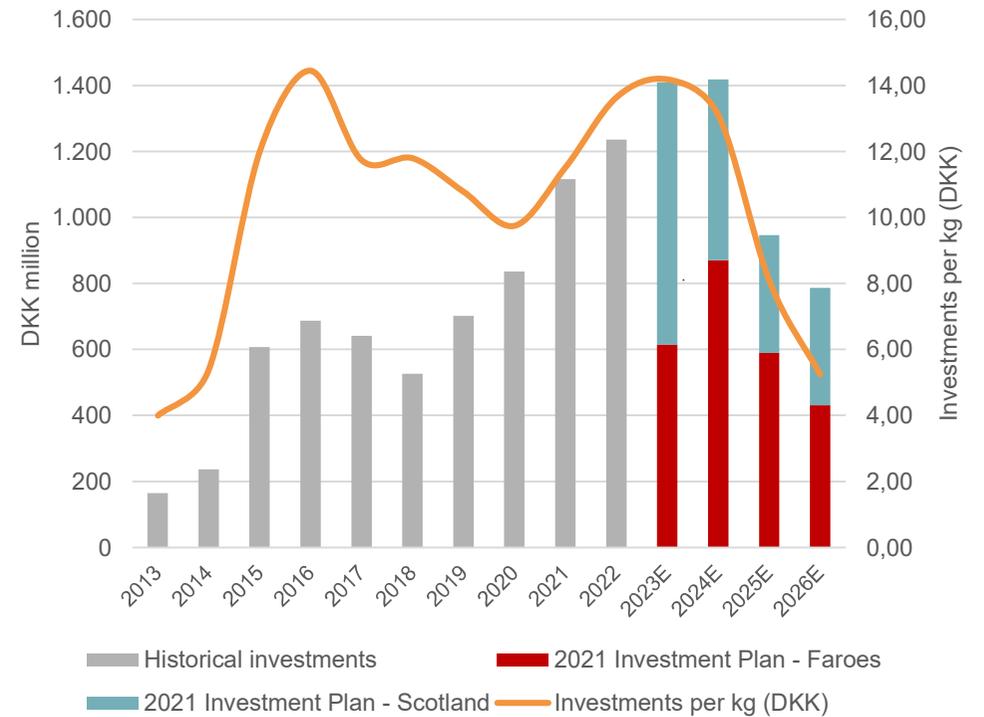


# INVESTING IN SUSTAINABLE GROWTH

150,000 TONNES HARVEST IN 2026, FAROE ISLANDS AND SCOTLAND COMBINED

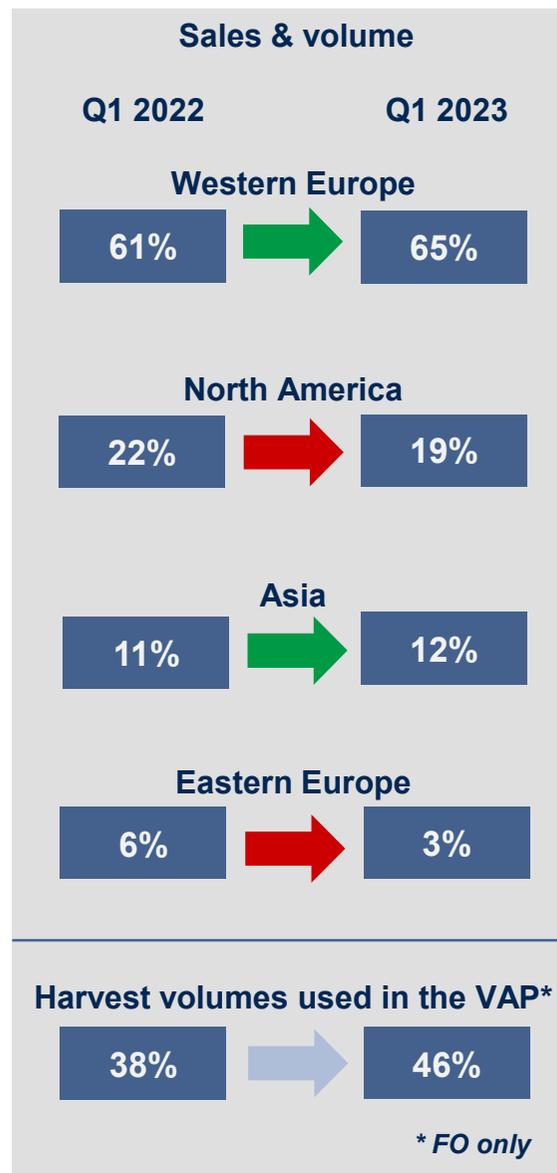
Volumes	Faroe Islands	Scotland
2022	66,686t	23,917t
2023	68,000t	30,000t
2026	100,000t	50,000t

## 2022-2026 Capex of DKK 6.2 bn builds 180,000t capacity by 2026



# MARKETS & SALES

TOTAL SALES TO WESTERN EUROPE AND ASIA INCREASED  
– NORTH AMERICA AND EASTERN EUROPE DECREASED

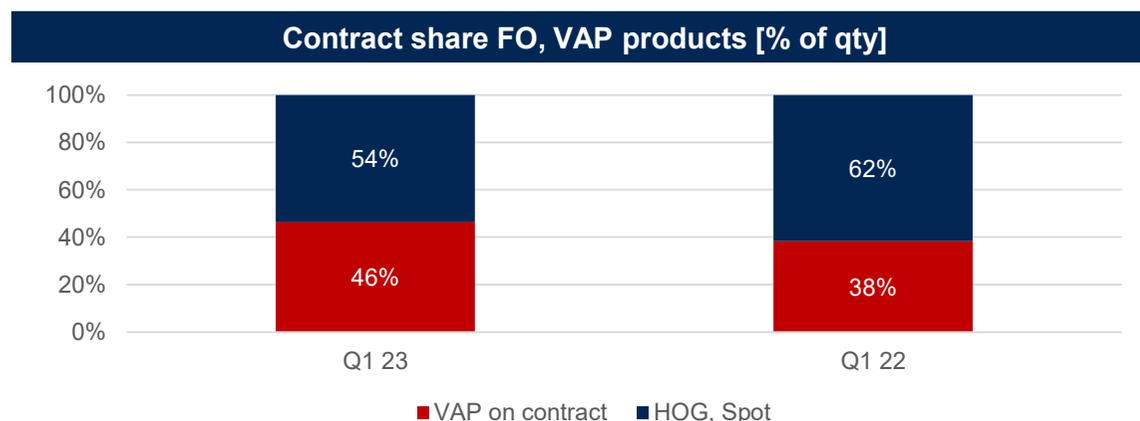


### Total sales of salmon by markets

	Q1 2023			Q1 2022			2022			2021		
	FO	SCT	Total	FO	SCT	Total	FO	SCT	Total	FO	SCT	Total
Western Europe	71%	58%	65%	55%	96%	61%	59%	92%	67%	53%	81%	61%
North America	13%	26%	19%	26%	3%	22%	23%	5%	18%	23%	10%	19%
Asia	12%	13%	12%	13%	0%	11%	12%	2%	9%	12%	9%	11%
Eastern Europe	3%	2%	3%	6%	1%	6%	5%	1%	5%	12%	0%	9%
Rest of world	1%	1%	1%	0%	0%	0%	1%	0%	1%	0%	0%	0%

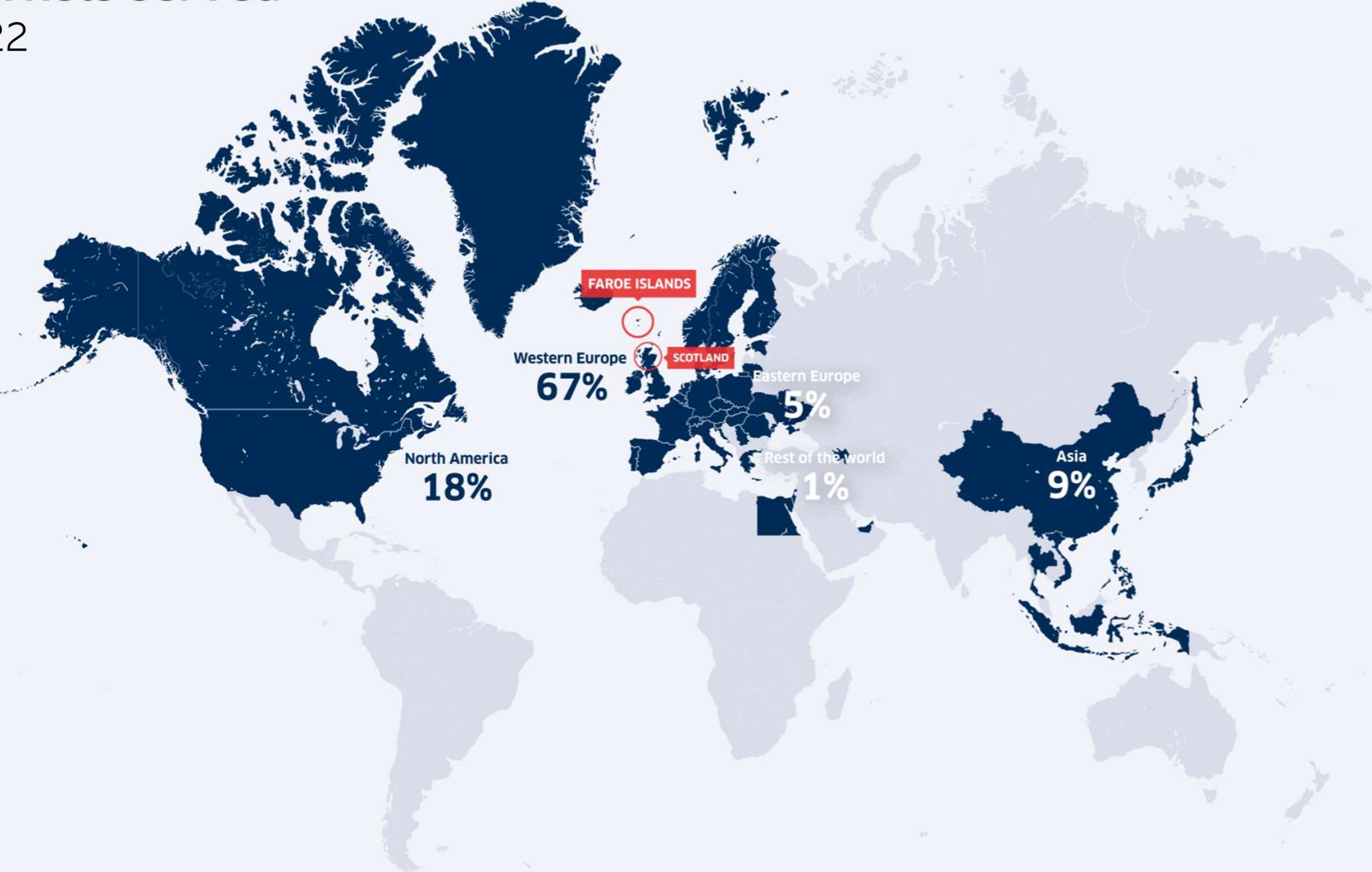
### Fresh salmon only by markets

	Q1 2023			Q1 2022			2022			2021		
	FO	SCT	Total	FO	SCT	Total	FO	SCT	Total	FO	SCT	Total
Western Europe	58%	57%	58%	44%	97%	55%	51%	92%	64%	45%	78%	55%
North America	17%	26%	22%	32%	3%	26%	27%	5%	20%	27%	12%	22%
Asia	21%	14%	16%	17%	0%	13%	15%	2%	11%	17%	10%	15%
Eastern Europe	3%	2%	3%	7%	0%	6%	7%	1%	5%	11%	0%	8%
Rest of world	1%	1%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%



# Markets served

2022



## DEVELOPMENT IN SUPPLY AND SOLD QUANTITY BY ORIGIN

### Expected supply growth in 2023

- 2% increase in Global supply\*
- 2% increase in supply\* from Europe
- 2% increase in supply\* from the Americas

\* Including expected inventory movements

### Global Supply of Atlantic Salmon (head on gutted - HOG)

	2018	2019	2020	2021	2022E	2023E
Norway	1.129	1.198	1.227	1.384	1.359	1,386
UK	137	171	160	179	149	161
Ireland	13	14	14	14	17	15
Iceland	12	22	27	35	42	37
Faroes	64	78	72	96	89	95
<b>Total Europe</b>	<b>1.355</b>	<b>1.484</b>	<b>1.500</b>	<b>1.708</b>	<b>1.655</b>	<b>1,694</b>
Chile	598	601	657	638	649	673
Canada	131	124	123	128	118	111
USA	17	19	18	17	18	17
<b>Total Americas</b>	<b>747</b>	<b>744</b>	<b>798</b>	<b>783</b>	<b>785</b>	<b>801</b>
Others	65	71	91	109	108	115
<b>Total (Sold Quantity)</b>	<b>2.167</b>	<b>2.299</b>	<b>2.388</b>	<b>2.601</b>	<b>2.548</b>	<b>2,610</b>
<b>Supply growth - Global</b>	<b>6%</b>	<b>6%</b>	<b>4%</b>	<b>9%</b>	<b>-2%</b>	<b>2%</b>
Supply growth - Europe	1%	10%	1%	14%	-3%	2%
Supply growth - Americas	18%	0%	7%	-2%	0%	2%

### Salmon Markets (head on gutted - HOG)

	2018	2019	2020	2021	2022E	2023E
EU+UK	949	1.017	1.073	1.158	1.141	1,154
USA	438	471	506	572	587	601
Japan	54	53	64	66	55	52
Russia	89	78	79	86	49	58
Others	637	678	666	720	716	746
<b>Total (Sold Quantity)</b>	<b>2.167</b>	<b>2.299</b>	<b>2.389</b>	<b>2.601</b>	<b>2.547</b>	<b>2,610</b>

Comments:

All figures are in hog-equivalents and thousand tonnes.

Figures represents sold quantity of Atlantic Salmon from each producing country

Source: Kontali

## Q1 2023 MARKET ENVIRONMENT

Prices significantly up compared to Q1 2022

Nasdaq Norway price up 16%

- Low volume available for spot market in Q1 2023

Urner Barry East Coast price up 5%

- 9% increase in DKK due to currency movements

MARKET CURRENCY	Q1 2023	Q1 2022	Change %
Nasdaq Norway (EUR)	9.70	8.35	16.1 %
UB North East US 14-16lb HOG (USD per kg)	12.68	12.12	4.6 %

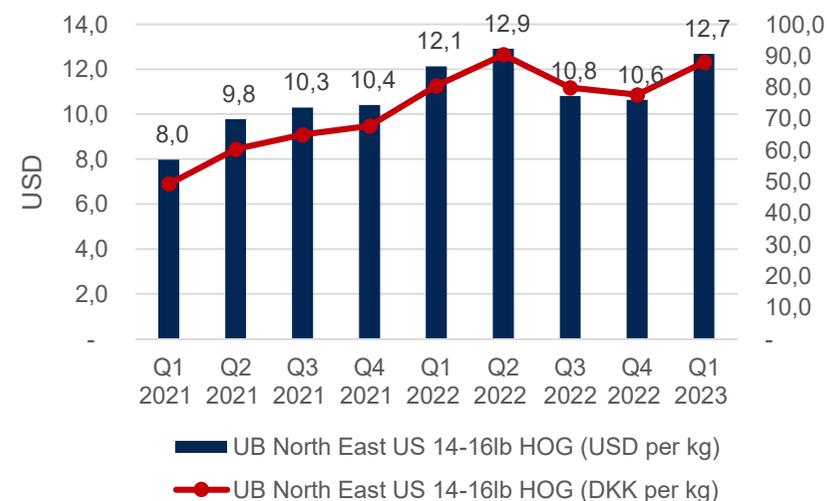
  

DKK	Q1 2023	Q1 2022	Change %
Nasdaq Norway	72.19	62.13	16.2 %
UB North East US 14-16lb HOG (per kg)	87.94	80.42	9.4 %

### PRICE NORWAY



### PRICE US – NORTH EAST



Source: Kontali

# Q1 2023 – SPOT AND CONTRACT PRICING ALIGNED

**Nasdaq spot price reflecting marginal pricing per week**

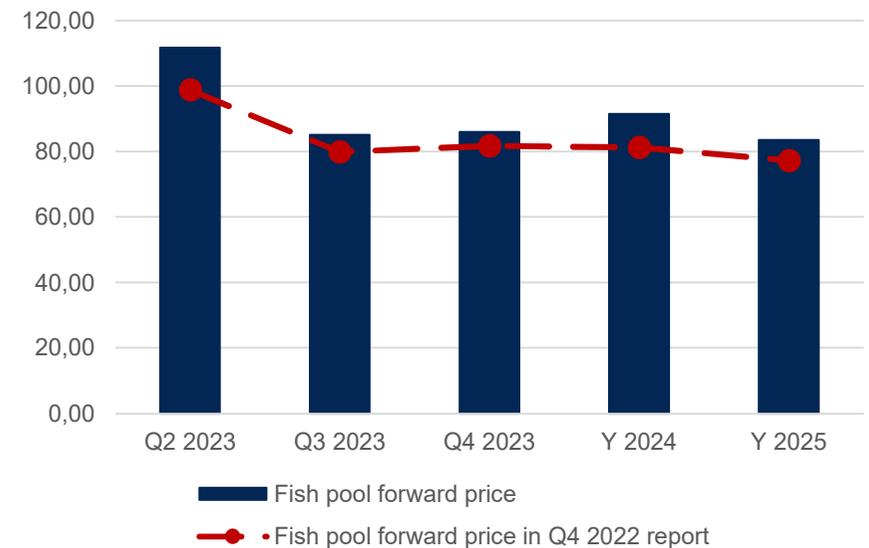
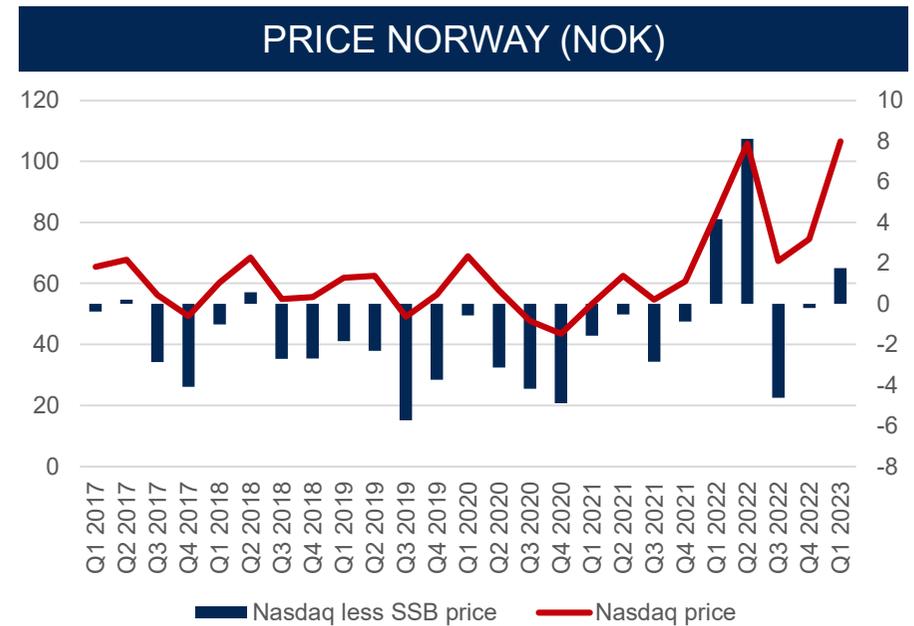
**Statistics Norway (SSB) publish average price for all whole fish sold per week**

- Incorporates bilateral contracts of variable duration

**Nasdaq and Fish Pool price aligned in Q4 2022**

- Indicating bilateral contracts at level with spot prices

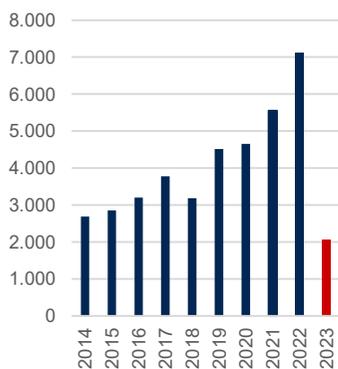
**Fish Pool forward price remain at high level**



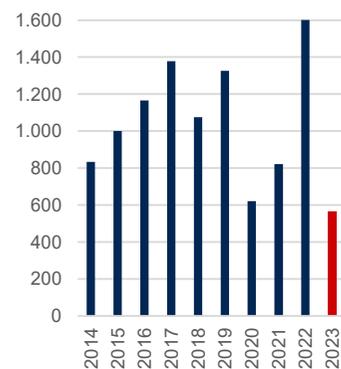
## DEVELOPMENT PER QUARTER

(mDKK)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
	2021	2021	2021	2021	2022	2022	2022	2022	2023
Revenue	1,176	1,618	1,272	1,488	1,639	1,684	1,867	1,940	2,050
Operational EBIT	224	407	71	120	418	587	325	376	565
Profit/Loss	408	428	131	-3	405	845	249	-154	467
Harvest FO (tgv)	14,025	17,561	14,937	20,694	17,459	13,101	16,850	19,276	11,005
Harvest SCT (tgv)	7,002	10,634	6,914	5,122	3,973	6,646	8,100	5,198	8,093
Op. EBIT Farming FO & VAP (NOK/kg)	21.48	26.93	13.59	20.11	33.79	52.28	35.62	33.81	42.98
Op. EBIT Farming FO (NOK/kg)	14.10	26.52	12.56	18.29	36.03	63.38	35.60	27.56	42.14
Op. EBIT VAP (NOK/kg)	18.56	1.53	2.89	5.71	-5.65	-24.46	0.06	16.67	1.95
Op. EBIT Farming SCT (NOK/kg)	-1.44	6.75	-16.32	-55.95	-17.67	8.29	-22.90	-39.96	28.23
Equity ratio	68%	67%	67%	64%	64%	65%	64%	62%	64%
NIBD	1,939	1,903	1,986	2,126	2,192	2,267	2,427	2,664	2,357

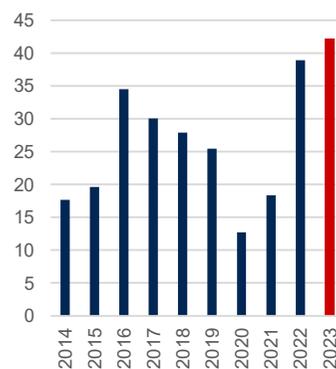
Revenue (mDKK)



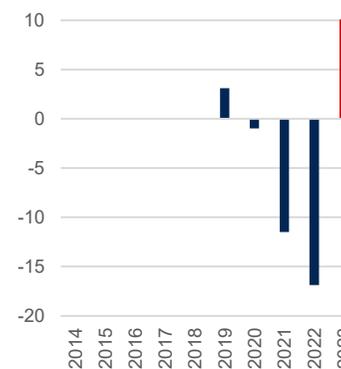
Operational EBIT (mDKK)



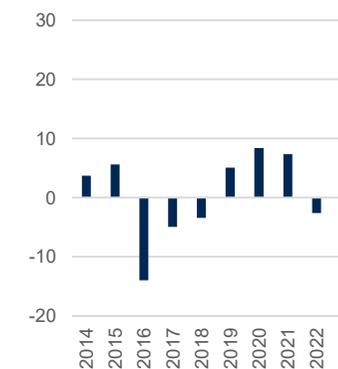
Farming FO margin Op. EBIT (NOK/kg)



Farming SCT margin Op. EBIT (NOK/kg)

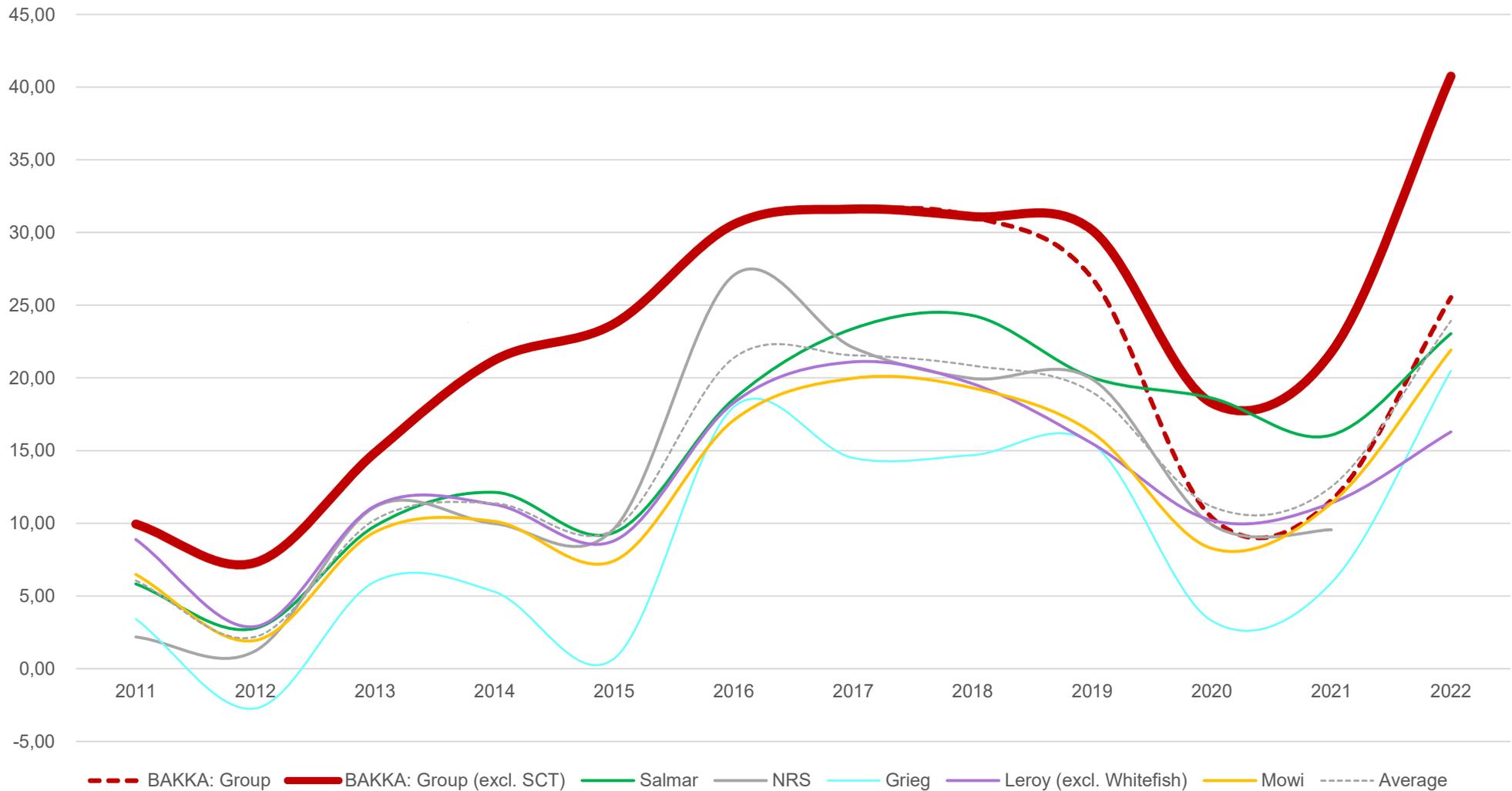


VAP FO margin Op. EBIT (NOK/kg)



# LISTED SALMON COMPANIES – MARGIN OP.EBIT /KG

Margin per kg [op.ebit NOK per kg]



Source: Financial reports

# DIVIDEND

## Dividend

- The AGM, which was held 28 April 2023, decided to pay out dividend for 2022 of DKK 10.00 per share. The expected payment date is on or around 22 May 2023.
- Dividend payment equals 53% of adjusted EPS

## Dividend policy

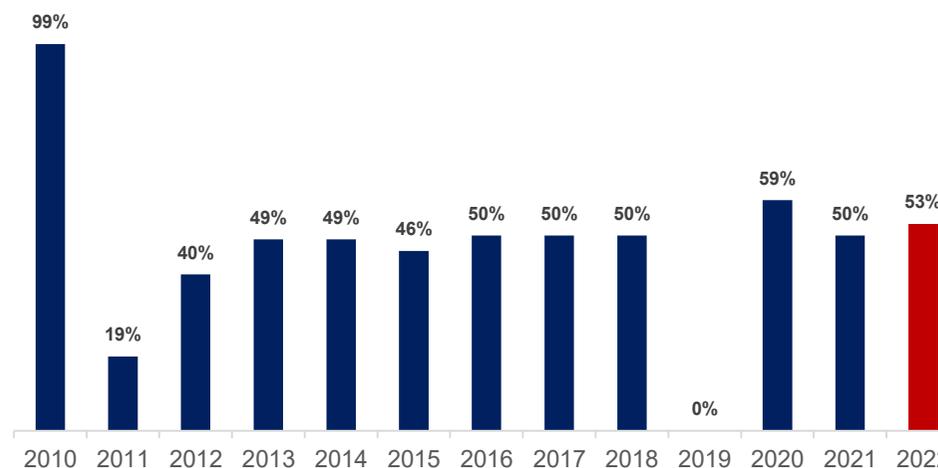
- Competitive return through:
  - Dividends
  - Increase in the value of the equity
- Generally, Bakkafrost shall pay a dividend to its shareholders
- A long-term goal is that 30–50% of adjusted EPS shall be paid out as a dividend

\* Adjusted EPS is EPS adjusted for fair value adjustments of biomass and onerous contracts provisions

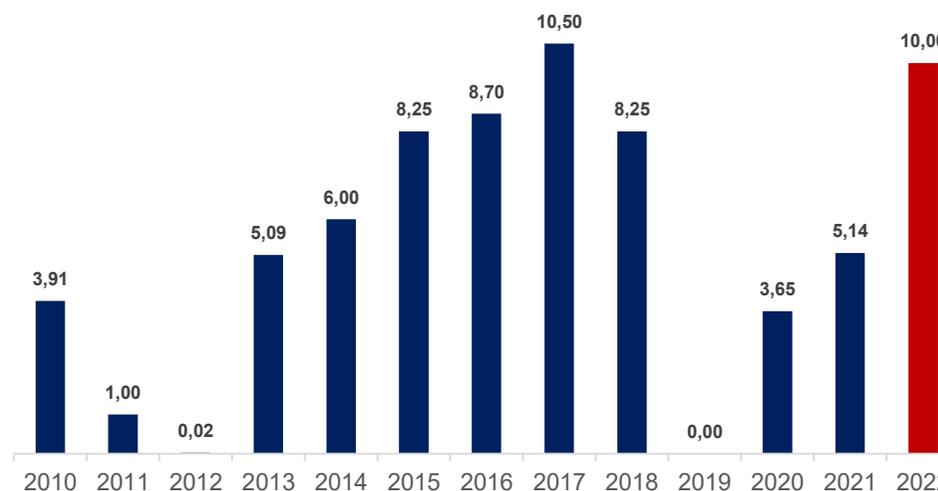
\*\* Dividend and acquisition of treasury shares

\*\*\* Dividend is paid out the following year

### Dividend per share in % of adj. EPS\*



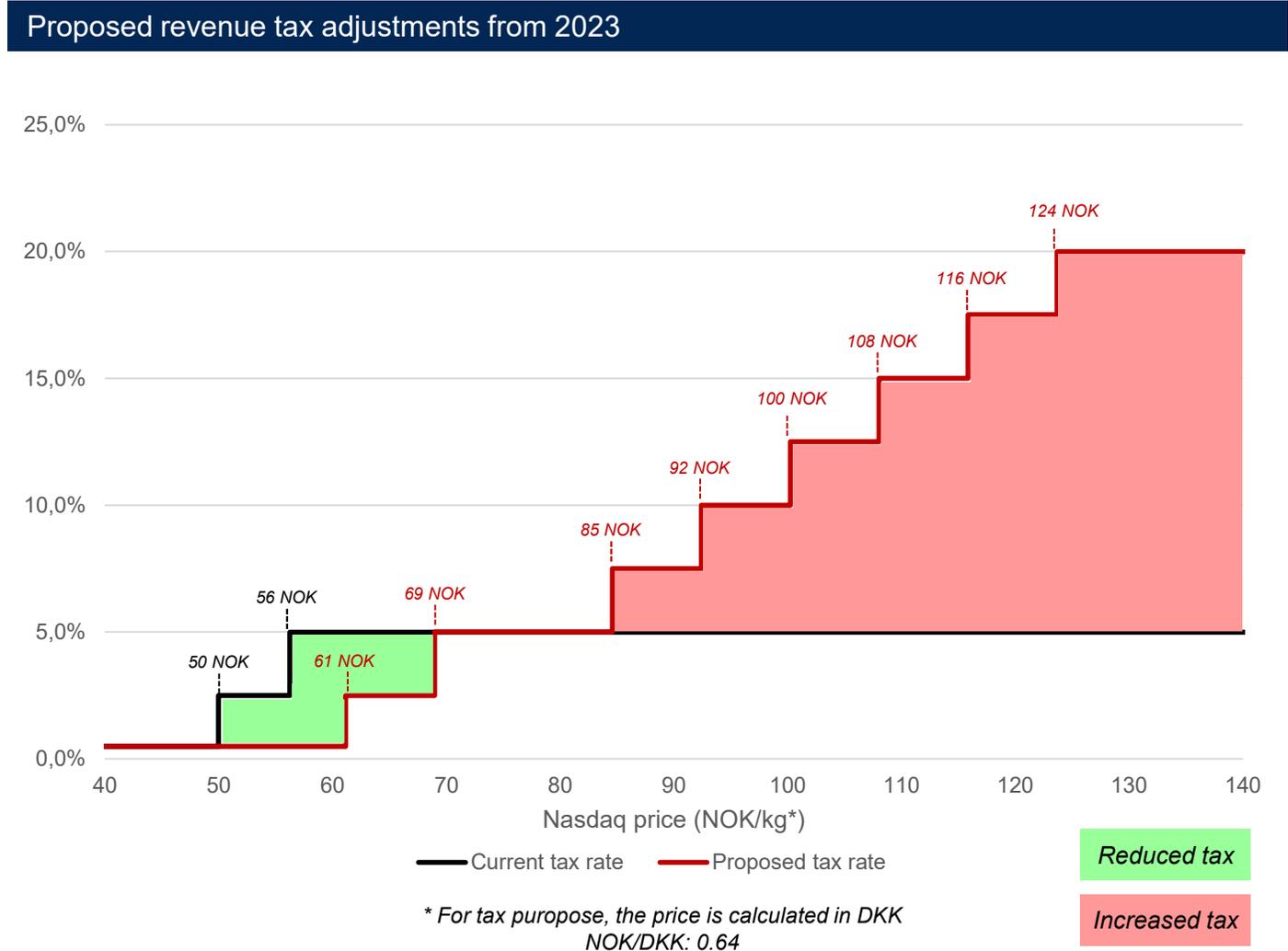
### Dividend per share (DKK)\*\*



# PROPOSED ADJUSTMENTS TO THE FAROESE REVENUE TAX

## Main changes

- Current tax introduced in 2014, updated in 2016
- Reduced tax at low salmon prices
- Increased tax at higher salmon prices
- Thresholds revised regularly to accommodate for farming cost inflation
- No revenue tax on premium
- Expected to pass parliament in May 2023
- Effective from August 2023



## FAROE ISLANDS

- 18 islands – 1,387 km<sup>2</sup>
- 54,303 inhabitants (March 2023)
- Home rule – within the Kingdom of Denmark
- Part of the Danish monetary union, the Danish krone (DKK)

### Key sectors (% of wage earners, M3 2023)

- Service/public admin.: ~34%
- Private service: ~31%
- Construction: ~15%
- Fish & aquaculture: ~20%
- Unemployment rate (Mar 2023): 0.8%
- Total working force (2022): 32,855

- **GDP:** DKK ~22.9bn (2021)
- **GDP/capita:** DKK 431,000 (2021)
  - (Norway: DKK 559,966) (2021)

### Total export of fish products (2022)

- DKK 11,492 million - whereof farmed fish accounts for 48%

### TAXES

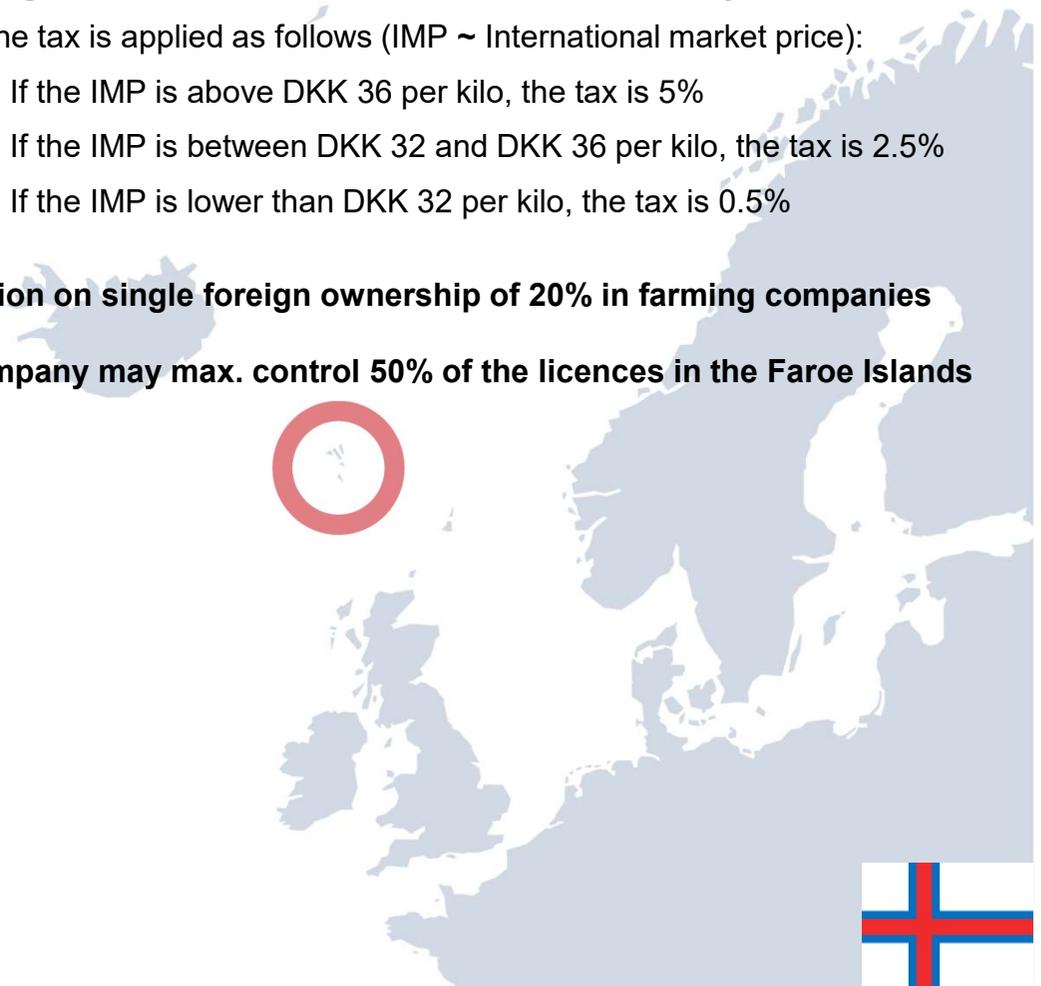
- Total percent of GDP: 41.6% (2021)
- Corporate tax: 18%
- Farming revenue tax: 5.0% of revenues after 1 January 2019

The tax is applied as follows (IMP ~ International market price):

- If the IMP is above DKK 36 per kilo, the tax is 5%
- If the IMP is between DKK 32 and DKK 36 per kilo, the tax is 2.5%
- If the IMP is lower than DKK 32 per kilo, the tax is 0.5%

Restriction on single foreign ownership of 20% in farming companies

One company may max. control 50% of the licences in the Faroe Islands



Source: Hagstova Føroya

# Bakkafrost salmon at a glance

## NUTRITION

### OMEGA-3 LEVELS MEAN

**2.5 g**  
per 100 g

RDI 2.5-3 g

### OMEGA-3 TO 6 RATIO

**1.4**

### VITAMIN D MEAN

**10.1 µg**  
per 100 g

RDI 10 µg

### PROTEIN LEVELS

**21.0 g**  
per 100 g

RDI 58-116 g

### VITAMIN B12 LEVELS MEAN

**5.0 µg**  
per 100 g

RDI 2 µg

### VITAMIN E LEVELS MEAN

**4.9 mg**  
per 100 g

RDI 9 mg

### SELENIUM MEAN

**0.018 mg**  
per 100 g

RDI 0.06 mg

### IODINE MEAN

**0.05 mg**  
per 100 g

RDI 0.15 mg





**BAKKAFROST**

ESTABLISHED 1968

