Bakkafrost presentation

A world-class company in the salmon industry

Capital Markets Day

Faroe Islands 14 September 2021

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GROWING SUSTAINABLY

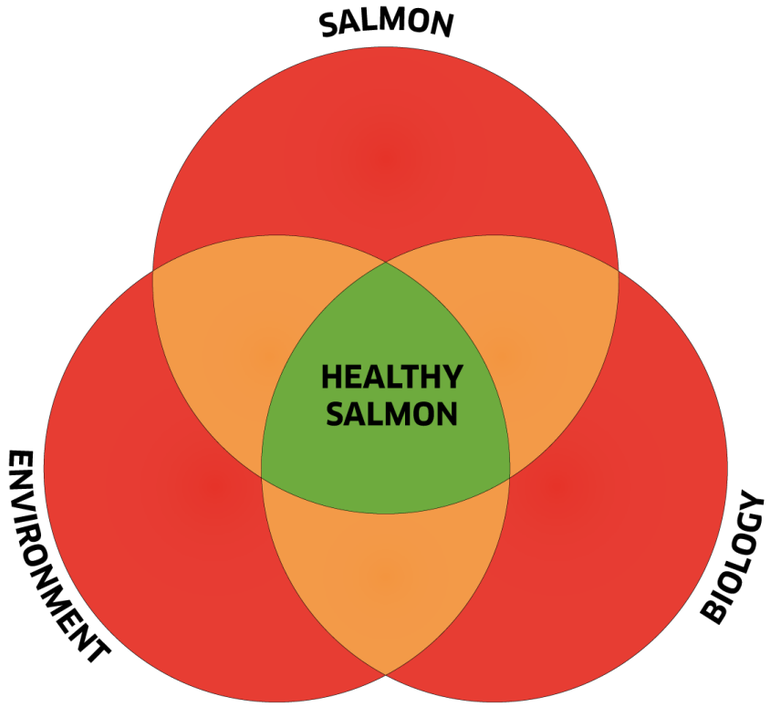
4th Annual Sustainability Report is available on our website


HEALTHY SALMON
HEALTHY BUSINESS
HEALTHY PEOPLE
HEALTHY ENVIRONMENT
HEALTHY COMMUNITIES
BAKKAFROST
ESTABLISHED 1968

WHAT IS HEALTHY SALMON?

Good health is maintained when:

- The salmon is robust
- Environment is optimal and threats mitigated
- Biological threats are well controlled



HAVING HEALTHY SALMON
THE IMPORTANCE OF BEING IN CONTROL

Salmon farming is about being in control of biology in a difficult environment

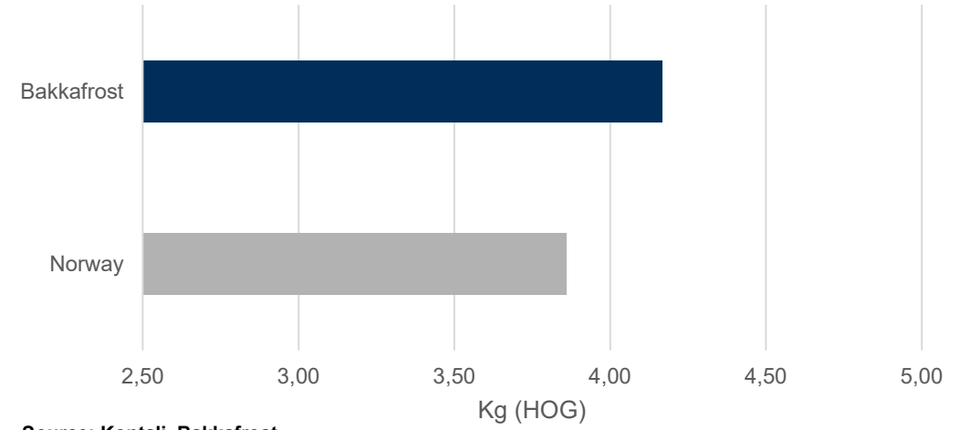
Key success factors

- A sustainable, well organised, value chain
- Management of external risks through trust and cooperation

Bakkafrost has an excellent track record in the Faroes

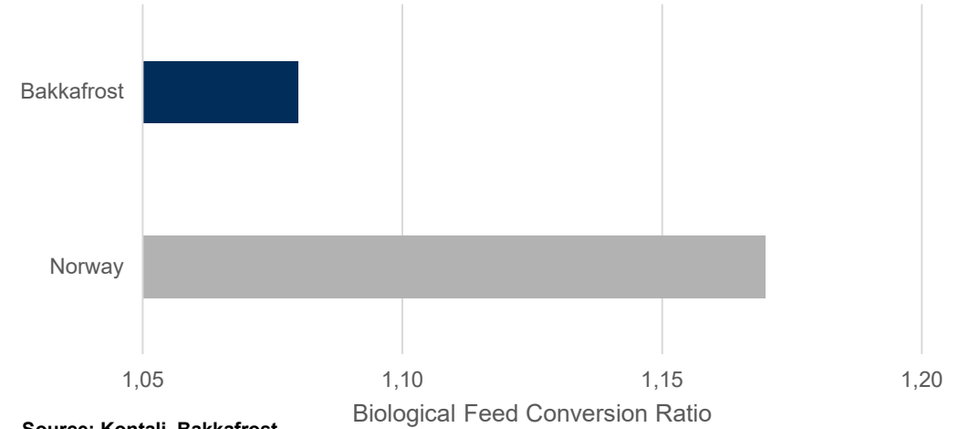
Embarked on a journey to structurally strengthen Scotland

Yield per smolt (2020)



Source: Kontali, Bakkafrost

bFCR (2020)



Source: Kontali, Bakkafrost

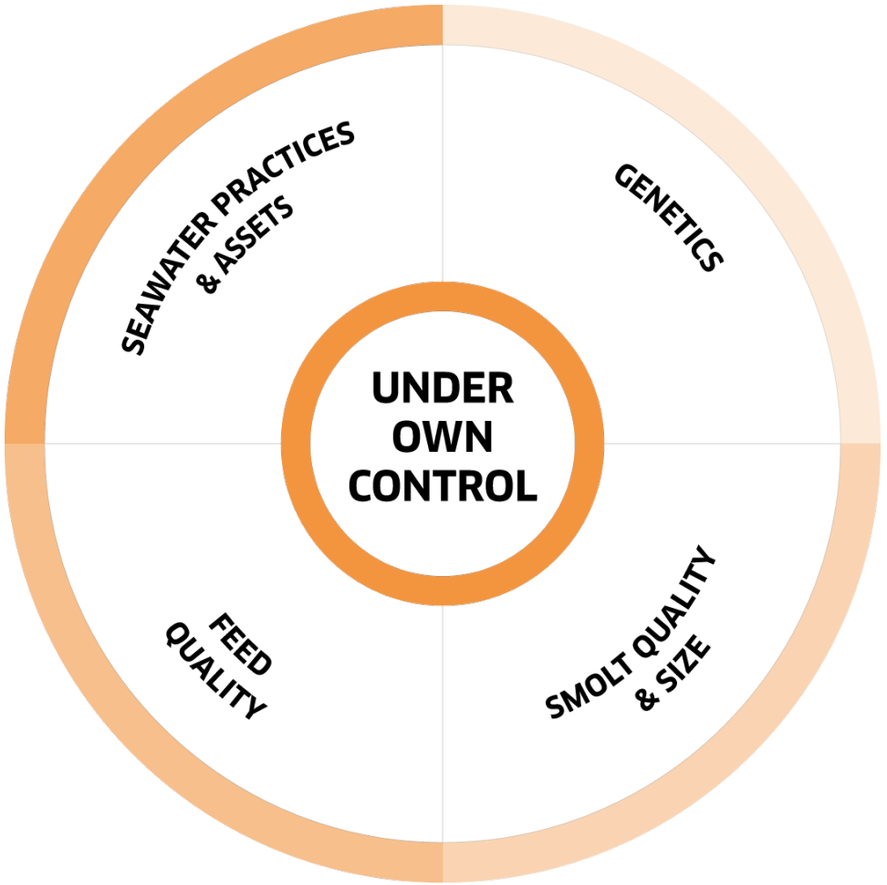
FAROE ISLANDS – FACTORS UNDER OWN CONTROL

BAKKAFROST GAINS CONTROL THROUGH COMPETENCE AND A WELL INVESTED VALUE CHAIN

Bakkafrost has adopted an integrated value chain in the Faroe Islands, strengthening factors under own control

Bakkafrost has reduced reliance on third party contracts

- Flexibility to adapt to ever changing circumstances
- Outweighs short term benefits from outsourcing
- Increasing economies of scale within Bakkafrost



FAROE ISLANDS – FACTORS UNDER OWN CONTROL

GENETICS – ORIGIN BASED BROODSTOCK PROGRAMME

Bakkafrost owns the Intellectual Rights of two origin-based salmon strains:

BAKKAFROST
ESTABLISHED 1968
FAROESE
BROODSTOCK
PROGRAMME

Broodstock programme and historical data since 1978

NATIVE HEBRIDEAN
IASGAIDH NAN EILEAN
NATIVE
HEBRIDEAN
SCOTTISH SALMON

Broodstock programme initially based on wild salmon in outer Hebrides

Benefits

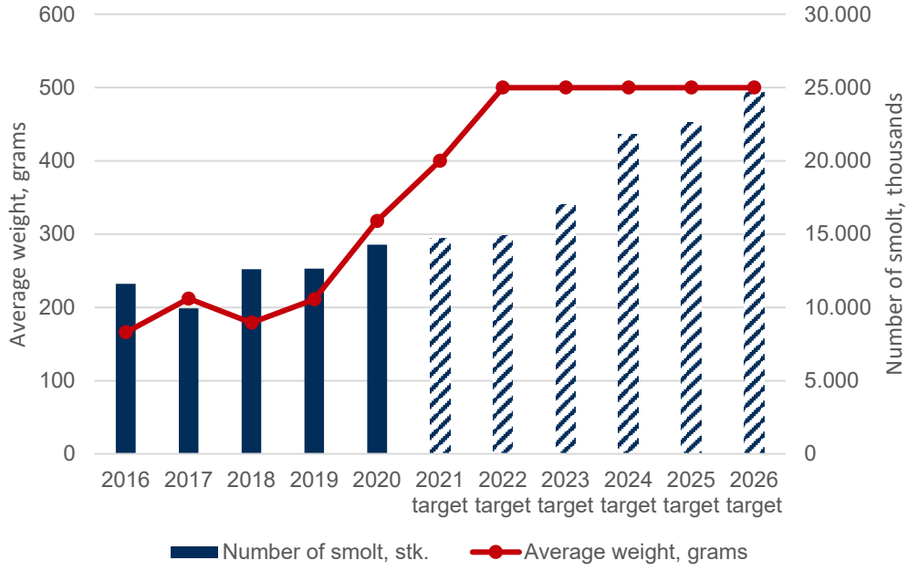
- Better control and more predictable
- Select salmon families better adapted to the local environment and resistance to disease
- Shorter learning cycles and rapid advancements due to integrated broodstock programme
- Avoid reliance on a consolidated group of third party suppliers

Bakkafrost will be self-sufficient with roe in 2024

FAROE ISLANDS – FACTORS UNDER OWN CONTROL
SMOLT QUALITY AND SIZE

- Seawater phase is the most risky part of salmon farming
- Smolt size and quality is instrumental in managing risks
- Large developments over 10 years with industrialised recirculation plants to optimise control of biology
- Plan to reach average smolt size of 500g in 2022
- Successful development of state of the art hatcheries

Average weight and number of released smolt



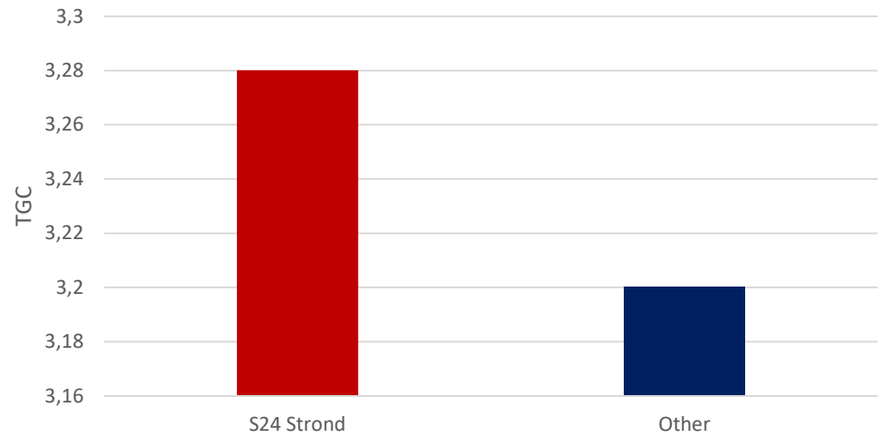
Benefits

- Robust Smolt
- Increased and consistent Size & Quality
- Overall Reduced Biological Risk
- Improved Biological Growth
- Higher Capacity Utilisation of marine sites

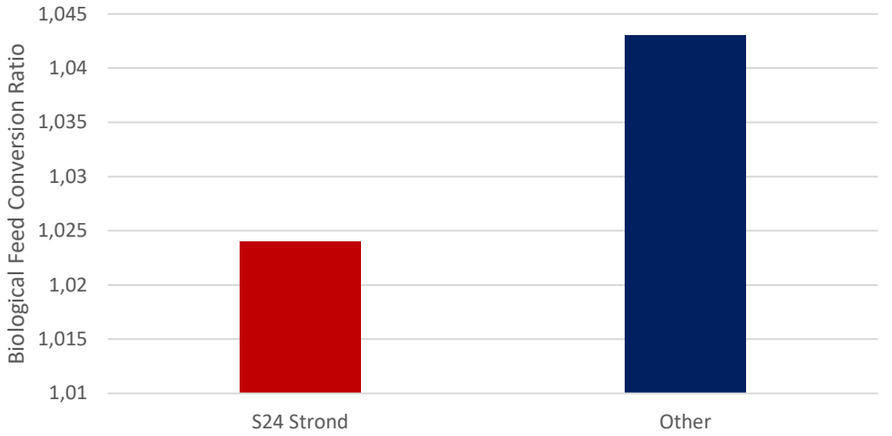
FAROE ISLANDS – FACTORS UNDER OWN CONTROL
EXPERIENCE FROM HARVESTED FISH FROM LARGE SMOLT

- Hatchery at Strond produces high quality and large size smolt
- Large smolts grow strongly after release
- Very low feed conversion rate

TGC *(Salmon from large smolt at Strond)*



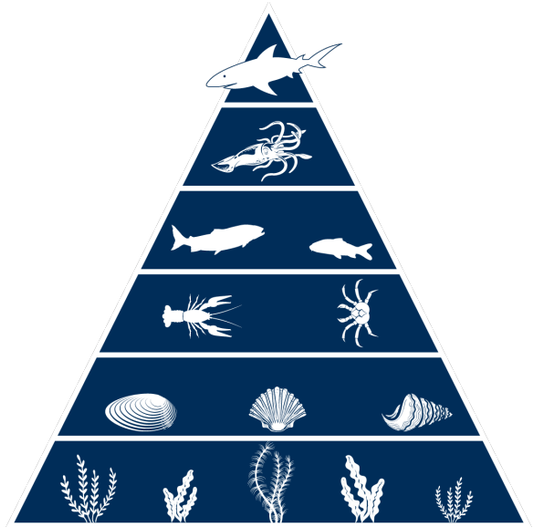
FCR (*Salmon from large smolt at Strond)*



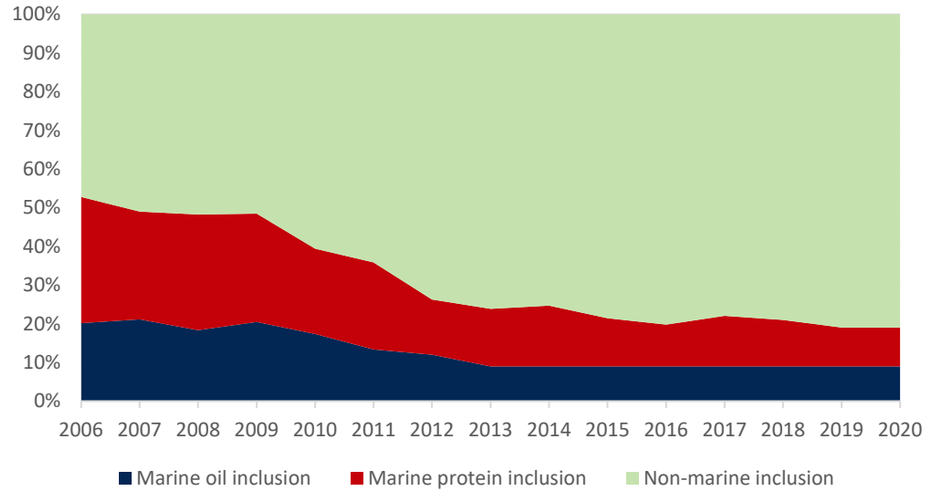
FAROE ISLANDS – FACTORS UNDER OWN CONTROL
NATURAL MARINE BASED FEED

Salmon has its natural place in the food chain

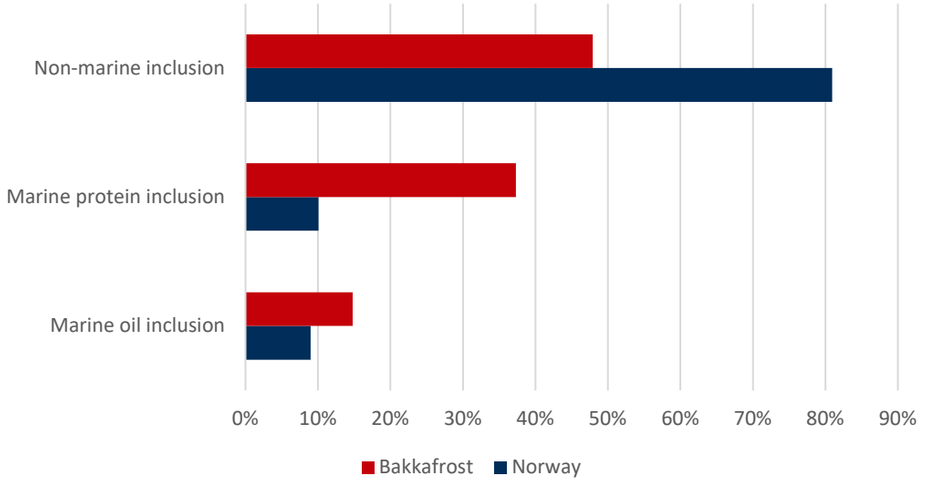
- In house, tailored feed production to optimise diet
  - Conversion of locally caught, non-edible marine recourse
  - Mix with plant-based ingredients
- Strong ties between diet and fish health



Development of feed recipes - Norway



Source: Holtermann



Source: Holtermann, Bakkafrost

FAROE ISLANDS – FACTORS UNDER OWN CONTROL

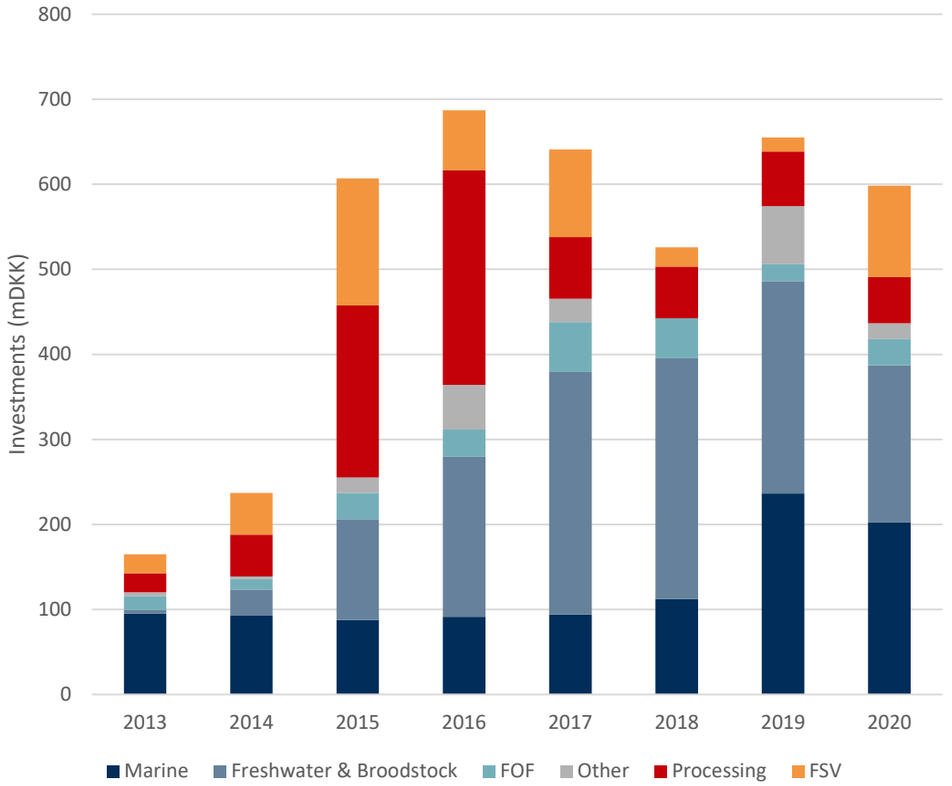
4.1BN DKK OF INVESTMENT MADE IN STATE-OF-THE ART VALUE CHAIN PAST 8 YEARS

Past investments:

- **Hatcheries** *RAS and advanced vaccination technology*
- **Farming equipment** *Heavy-duty and "weather-resistant"*
- **Fleet of FSV's** *Non-chemical delousing and net-cleaning*
- **Wellboat** *Gentle live fish transport & FW treatments*
- **Feeding systems** *Technologically advanced*
- **Digitalisation** *Continuous monitoring fish welfare*

Bakkafrost's high-quality assets has a positive impact on fish welfare

4.1bn DKK invested past 8 years



FAROE ISLANDS – FACTORS UNDER OWN CONTROL
SEAWATER PRACTICES AND ASSETS

Marine farming staff are guardians against most external threats

- Fish welfare is the primary focus

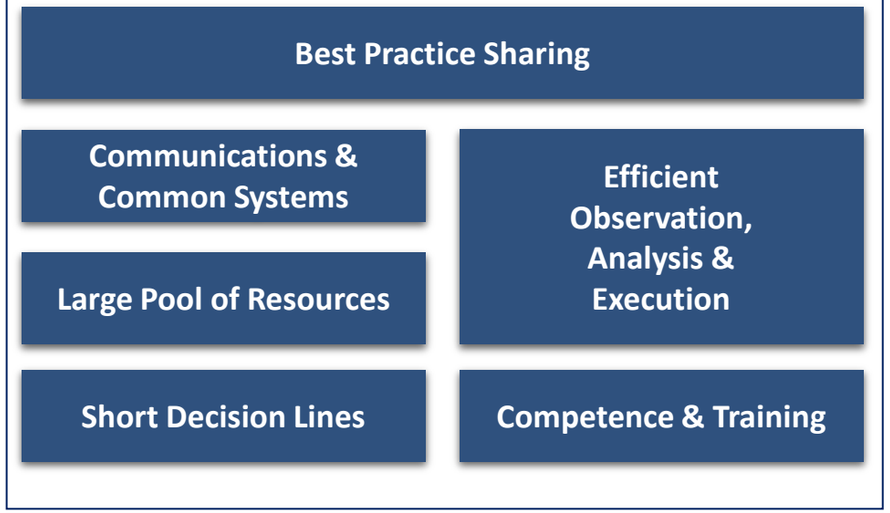
High focus on having competent, trained staff with short decision lines

- Sharing culture and common systems

Marine farming staff is equipped with advanced technology

- Modern and robust seawater equipment
- Modern well boats and farming service vessels (FSV)
  - Gentle and protected live fish transport
  - Net cleaning, non-chemical delousing and emergency handling

Characteristics



FAROE ISLANDS – RELIANCE ON THIRD PARTY
THE SECRET BEHIND THE FAROESE BUSINESS MODEL

Structure of production zones

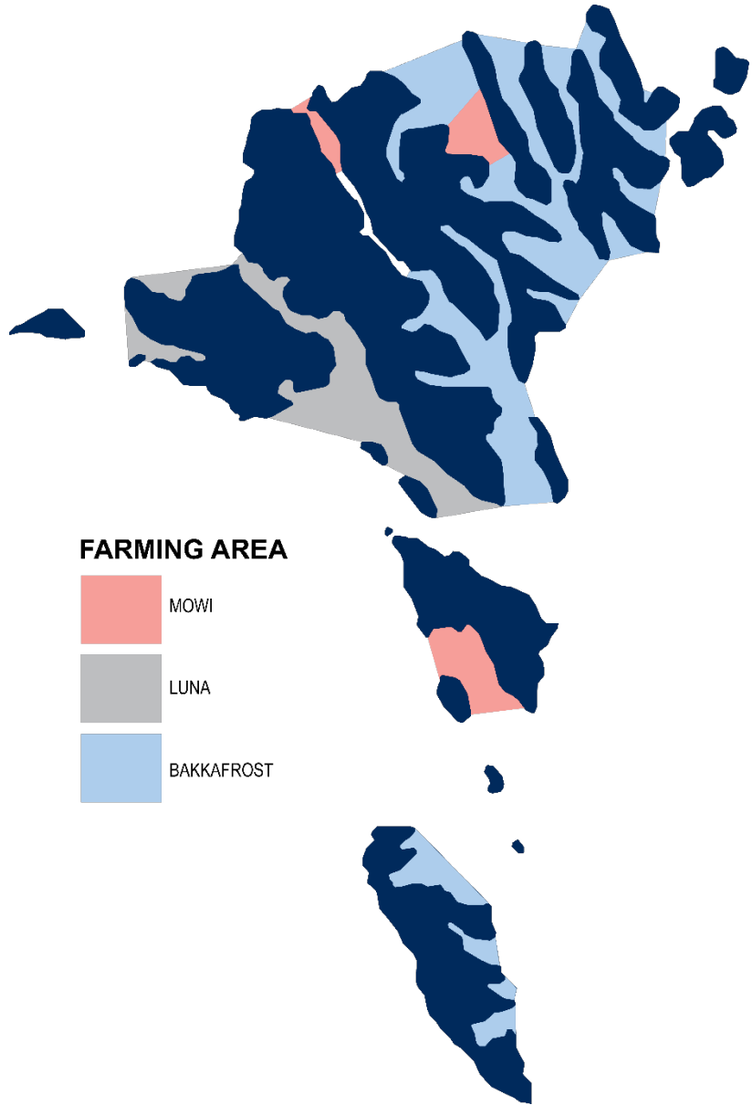
- Well adapted regulatory framework
- Few players to agree on coordination
- Largely segregated production areas
- Autonomy to adjust production cycles/fallowing periods

Licenses

- Licenses give right to utilize given area of fjords for farming fish
- No MAB, but strict regulative measures on farming activity maintaining environmental sustainability

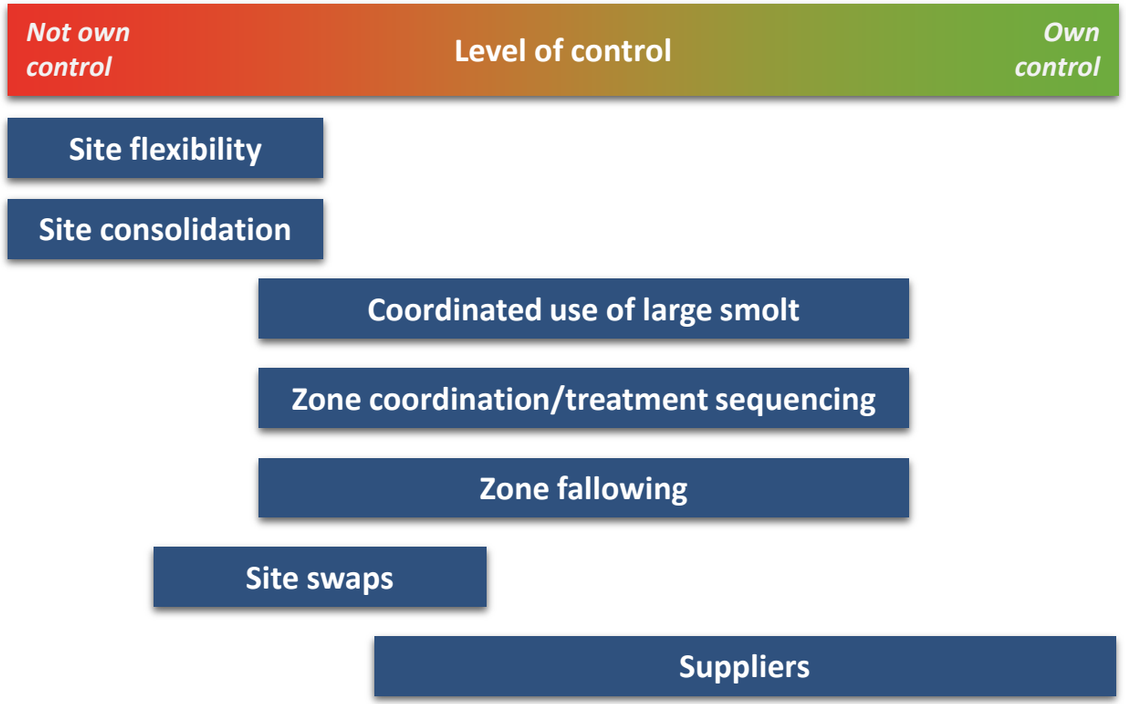
Benefits

- External risks efficiently mitigated



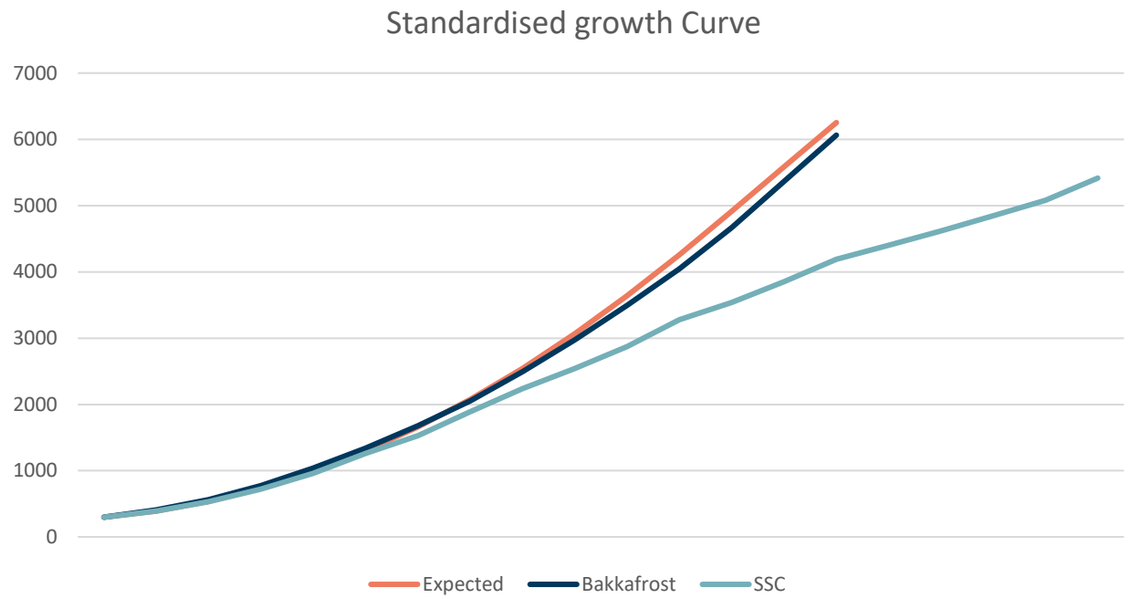
SCOTLAND – RELIANCE ON THIRD PARTY
MORE CHALLENGING EXTERNAL ENVIRONMENT

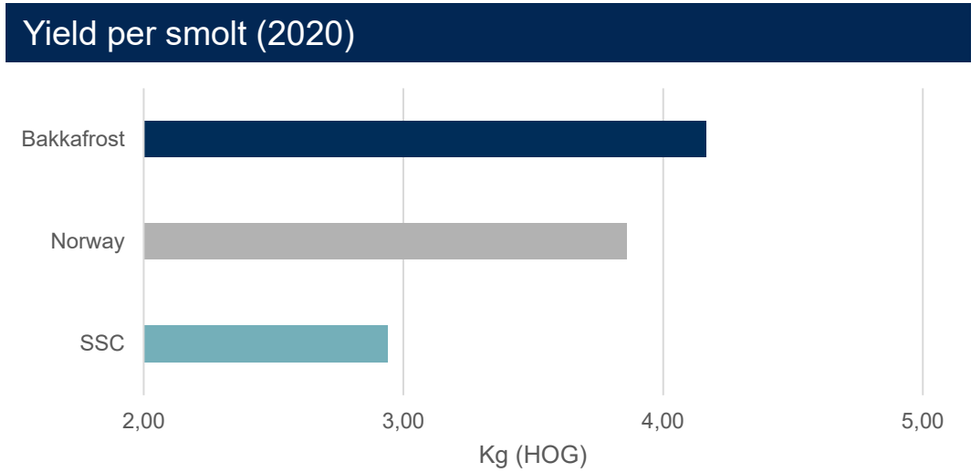
- Generally tougher biology
- Reduced flexibility to optimise site locations
- More reliance on third party suppliers
- More players and higher exposure to the neighbours



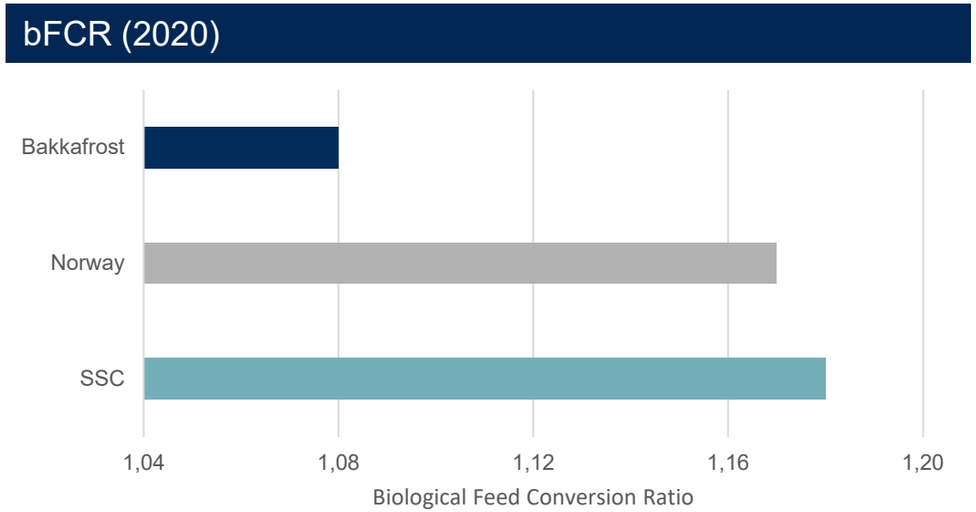
SCOTLAND
KEY INDICATORS OF WEAK PERFORMANCE

- Key indicators show poor efficiency
- Harvested kg per smolt released (yield per smolt)
  - High mortality and low harvest weight
- Low ability to convert feed to flesh
- Cleary illustrated by lagging growth track





Source: Kontali, Bakkafrost



Source: Kontali, Bakkafrost

SCOTLAND - WEAK PERFORMANCE IN THE PAST
ROOT CAUSES

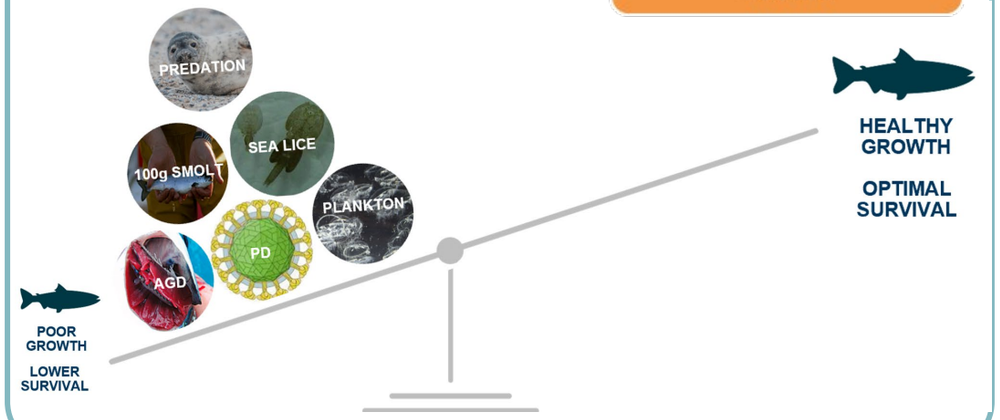
Reduced Ability to Manage Biological Threats

- Limited vessel capacity
  - *Non-medicinal treatment*
  - *Gentle seawater transportation*
- Obsolete / under-capacity seawater equipment
- Fragmented smolt production in obsolete plants
  - *Low quality smolt of around <80g*
- Challenging external environment
  - *Large reliance on third parties*
  - *Poor zone management and limited industry co-ordination*

Previously outweighed by biological threats

Poorly equipped for handling biological issues

Barvas
Flow-thru
730 m3



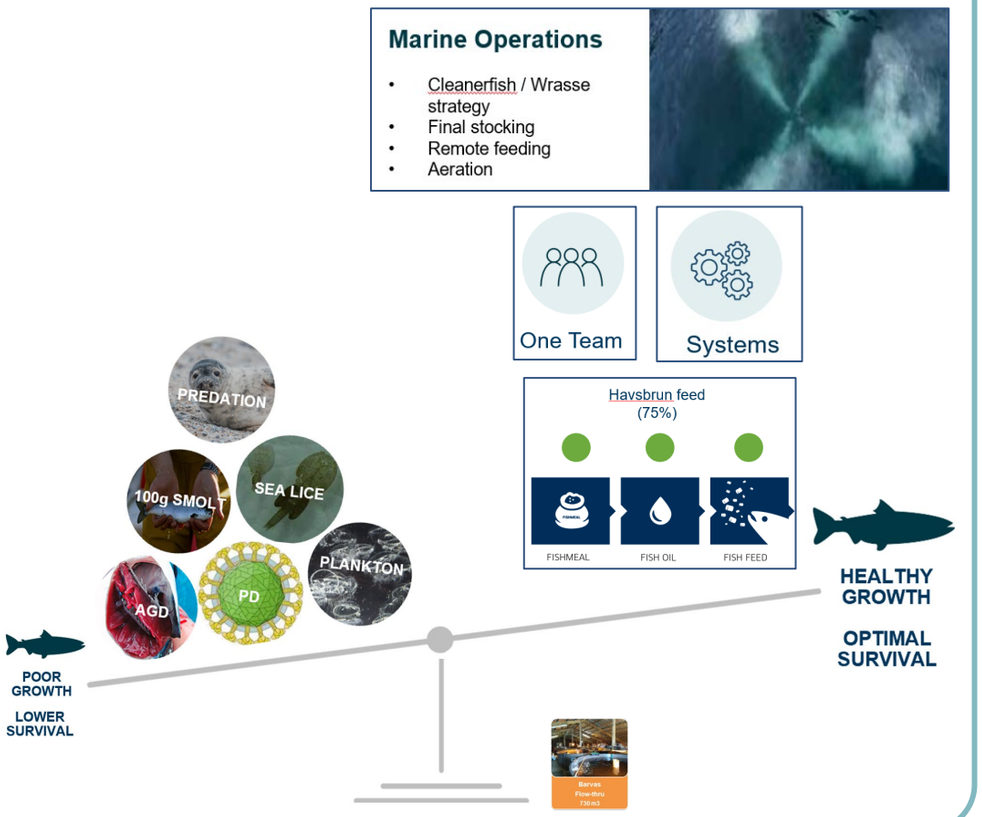
SCOTLAND – INITIAL STEPS
SEAWATER ASSETS, FEED STRATEGY & BEST PRACTICE

Seawater assets were largely underinvested

- Upgrades made to feeding systems
- Feed strategy updated and best practice implemented
- Farming equipment upgraded, e.g:
  - *Predator-safe nets*
  - *Aeration diffuser systems in pens*
- State of the art technology implemented to ensure optimal monitoring of biomass and fish health
- Safety systems allowing staff on site in harsh conditions

Gradual improvements to main KPI's

(FCR, TGC, lost feeding days, predator mortality, MW)



SCOTLAND – FURTHER IMPROVEMENTS
AMPLE VESSEL CAPACITY

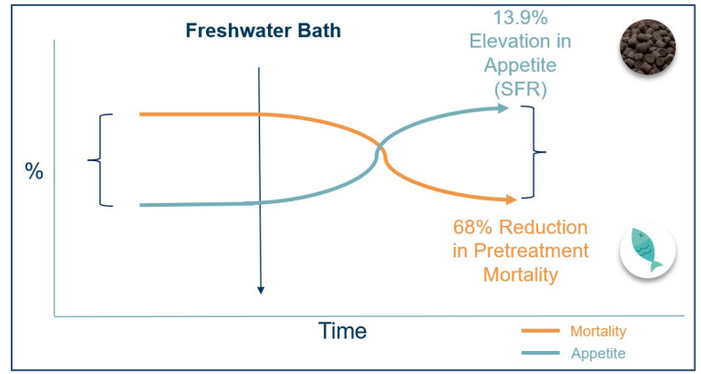
Biological incidents require rapid treatment or transfers

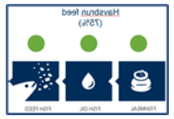
Limited capacity has been available

- Ample capacity is being made available
  - *Wellboat with freshwater treatment capability*
  - *FSV with advanced delousing equipment*
- Mitigation of an uninsurable risks
- Benefits far outweighs vessels costs

Getting control of the biological risks

Introduction of additional health management resources





SCOTLAND – LARGE SMOLT WILL BE A GAME CHANGER

LARGE SMOLT WILL TRANSFORM THE PERFORMANCE

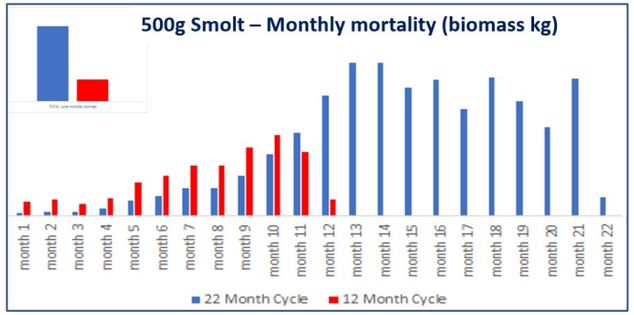
Seawater exposure highest during summer/early autumn

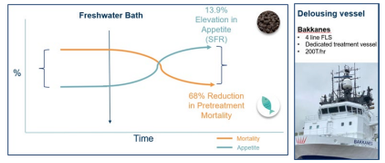
Exposed fish are weakened leading to cumulative mortality

- Large smolt reduces seawater exposure to ~12 months (“one summer” cycles)
- New hatcheries supply consistent high quality smolt
- Triggers volume growth (shorter high production cycles per site)

Reducing and significantly outweighing the risk

Large smolt 500g



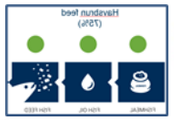


POOR GROWTH

LOWER SURVIVAL

One Team

Systems



HEALTHY GROWTH

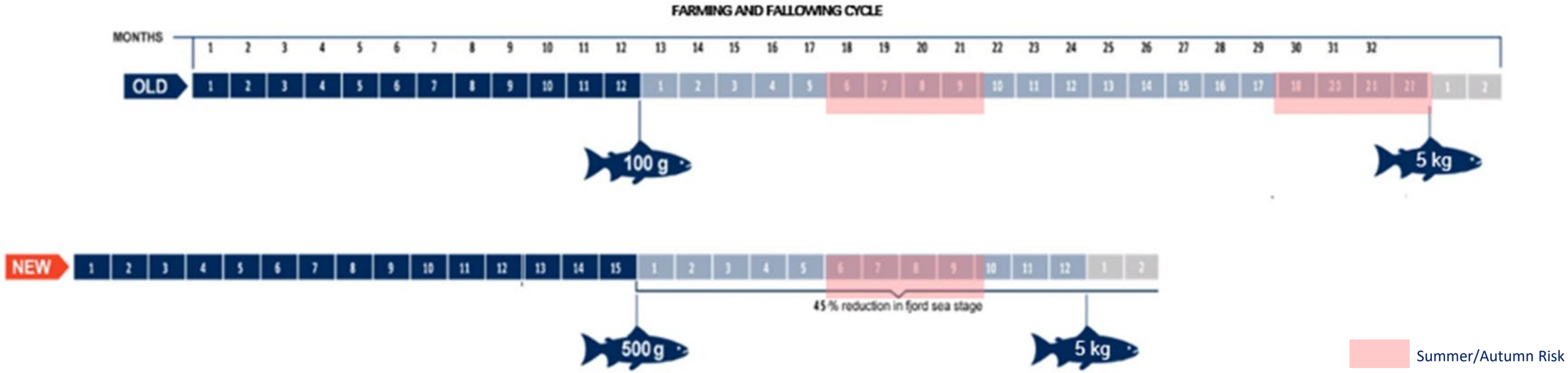
OPTIMAL SURVIVAL

SCOTLAND – LARGE SMOLT WILL BE A GAME CHANGER

REDUCED BIOLOGICAL RISK, ALLOWING FOR “ONE SUMMER” CYCLES

Key benefits:

- Reduce biological risk *(in Scotland the salmon will only be exposed to one summer/early autumn)*
- Increase production efficiency
- Enable organic growth



ONE SUMMER **ONE** LOCH **ONE** OPERATOR **ONE** GENERATION

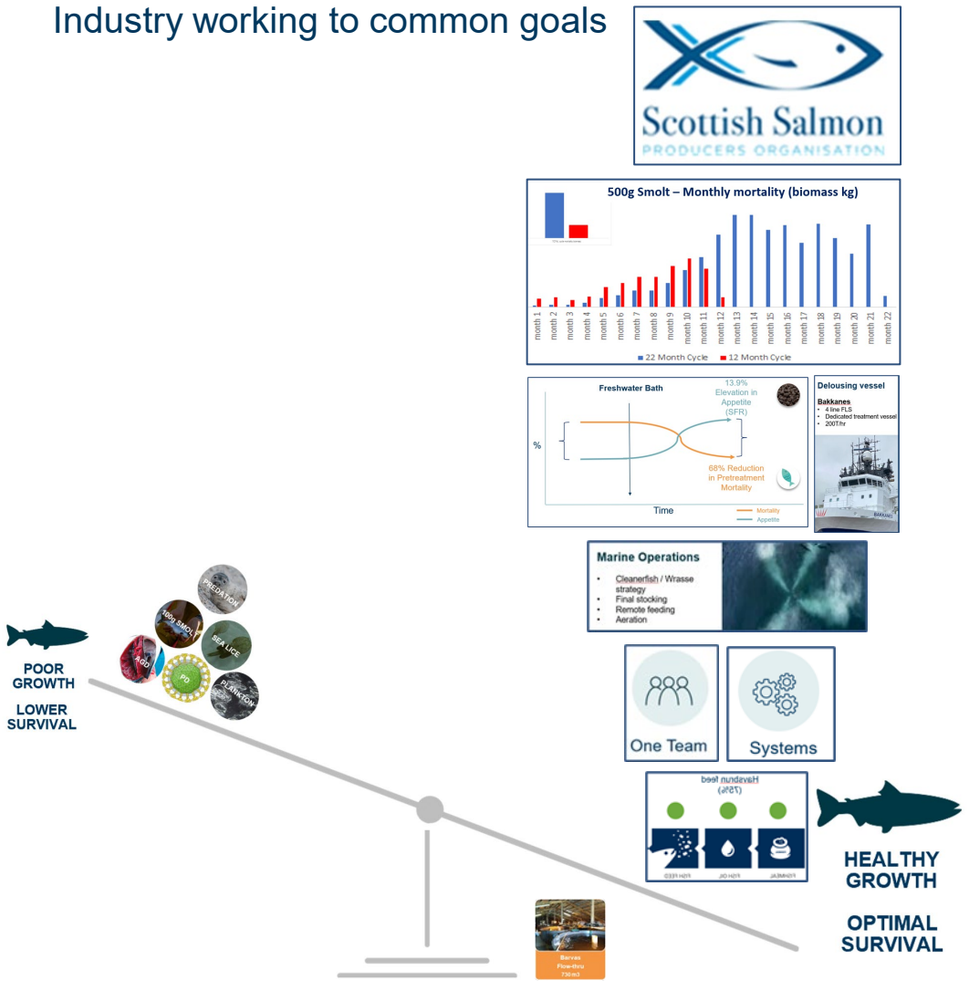
SCOTLAND – IMPROVE EXTERNAL FACTORS
STRENGTHEN CONTROL REDUCING EXPOSURE TO EXTERNAL FACTORS

Stakeholder Engagement / Collaboration

- Reduce third party reliance
  - *Value chain investments deliver integrated business model*
- Site development & consolidation (larger sites)
- Move framework in direction of Faroese farming model
  - *“One loch, one operator, one generation”*
  - *Contribute to industry “acting as one”*
- Priorities versus regulators
  - *Promote sustainable framework and geographic segregation*
  - *Movement of sites from shallow to more exposed waters*

Achieving Control

Industry working to common goals

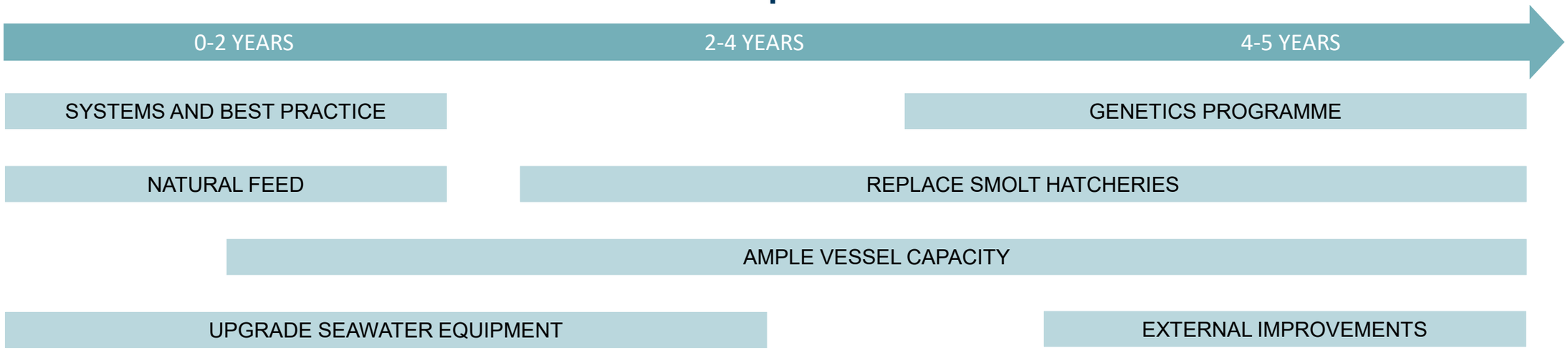


SCOTLAND – SUMMARY OF PLANNED ACTIONS FOR HEALTHY SALMON

IT TAKES TIME BEFORE THE EFFECT MATERIALISES

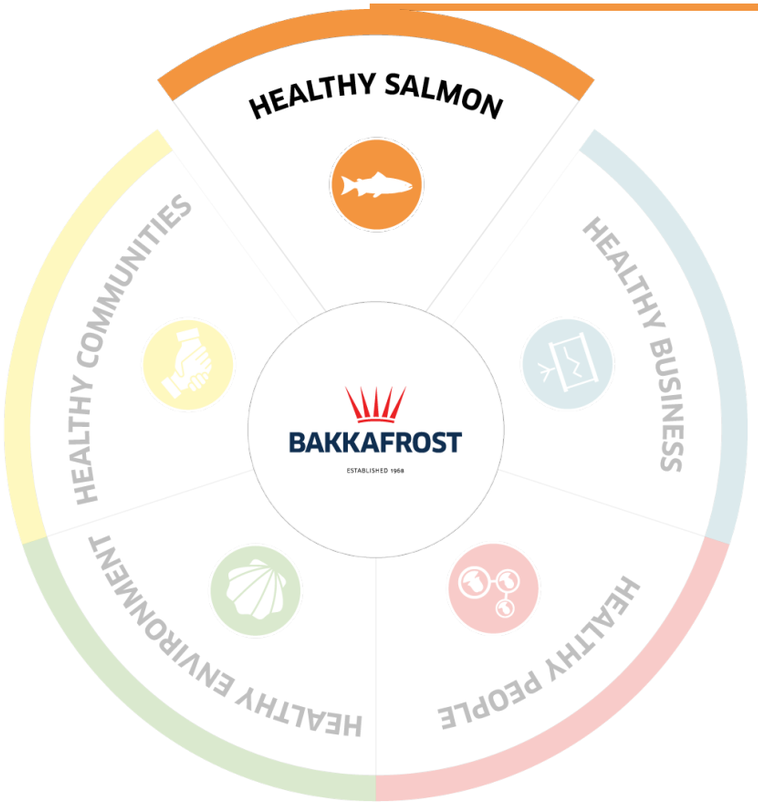
- Comprehensive programme for improvement
- Overall focus on improved animal welfare and performance
- Competent organisation to execute programme
- Largely replication of successful investments and activities in the Faroe Islands

When to expect effect?

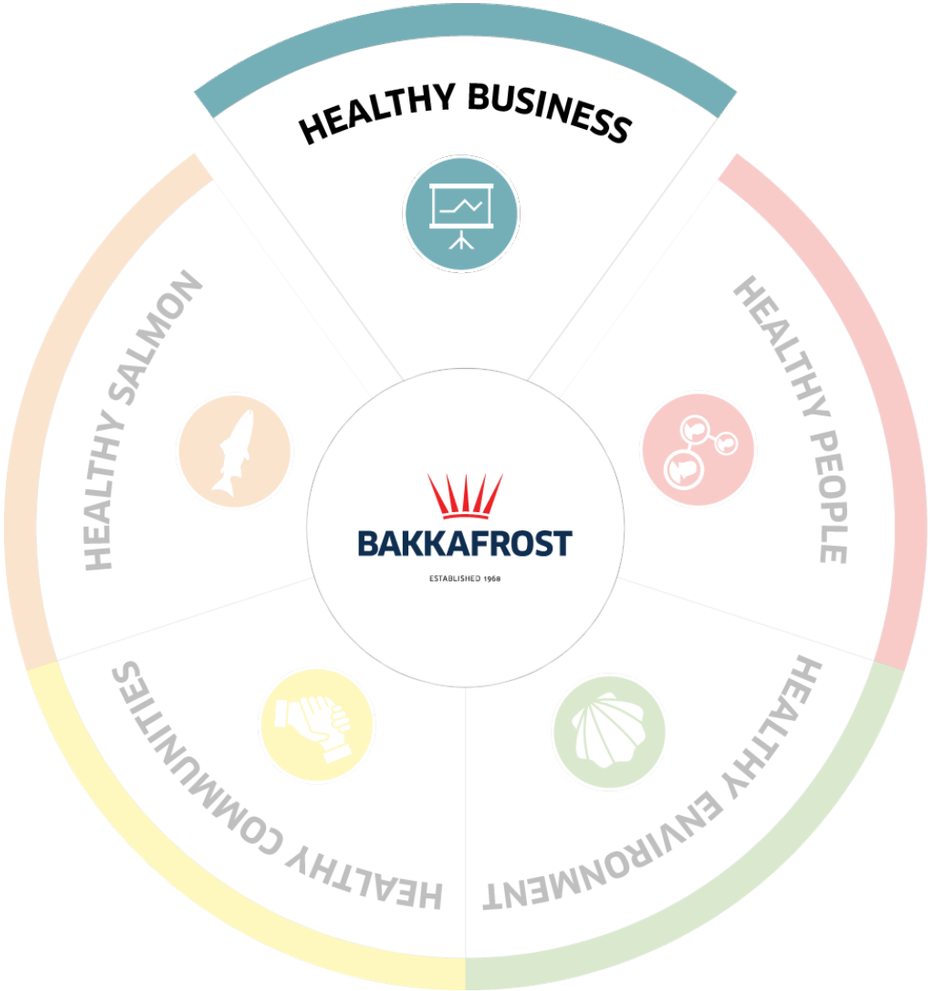


We expect to start harvesting from larger smolt in 2024

HEALTHY SALMON TARGETS 2022-2026
STRENGTHEN FURTHER IN FAROES – TRANSFORM IN SCOTLAND



- Continue to strengthen performance in the Faroes and transformational improvements on main KPI's in Scotland with 500g smolt
  - bFCR <1.05 in the Faroes and <1.10 in Scotland
  - Salmon survival rate >94% in the Faroes and >92% in Scotland
  - Yield per smolt >4.1 for the Group
- Develop solid integrated value chain for Scottish operation
  - Increase degree of control of own operation
  - Implement best practice processes
  - Successfully execute comprehensive investment programme
  - Contribute to industry action "as one"


HEALTHY BUSINESS
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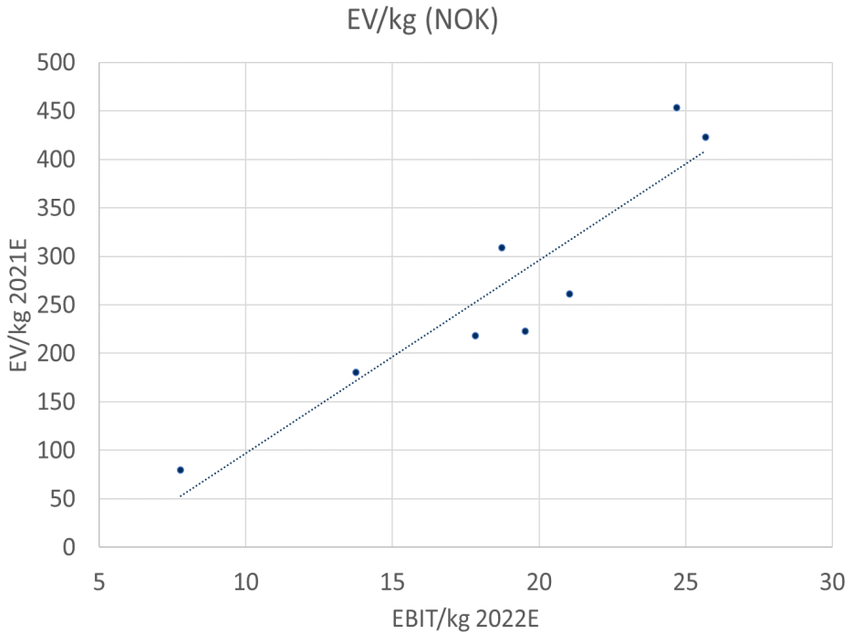
BAKKAFROST
ESTABLISHED 1968

HEALTHY SALMON = HEALTHY BUSINESS
VALUE CREATION THROUGH GROWTH AND MARGIN IMPROVEMENT

HEALTHY BUSINESS

- Valuations closely tied to relative profitability per kg
- Healthy salmon drives most performance indicators
- Strong track record in the Faroe Island
- Robust plan for material improvements in Scotland
- Capacity to grow more than 40% next five years without need for additional licences/off-shore

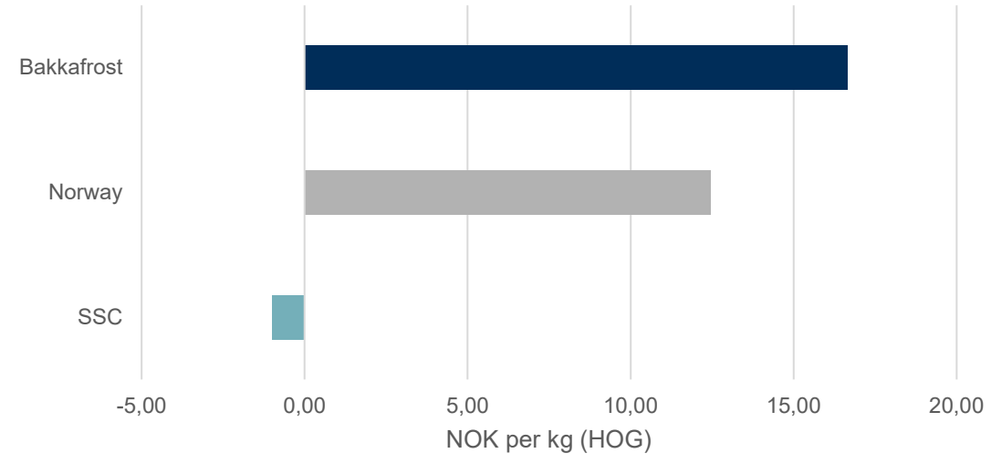


Sources: Company guidance, Bloomberg consensus estimates

PROFITABILITY
EBIT PER KG COMPARISON

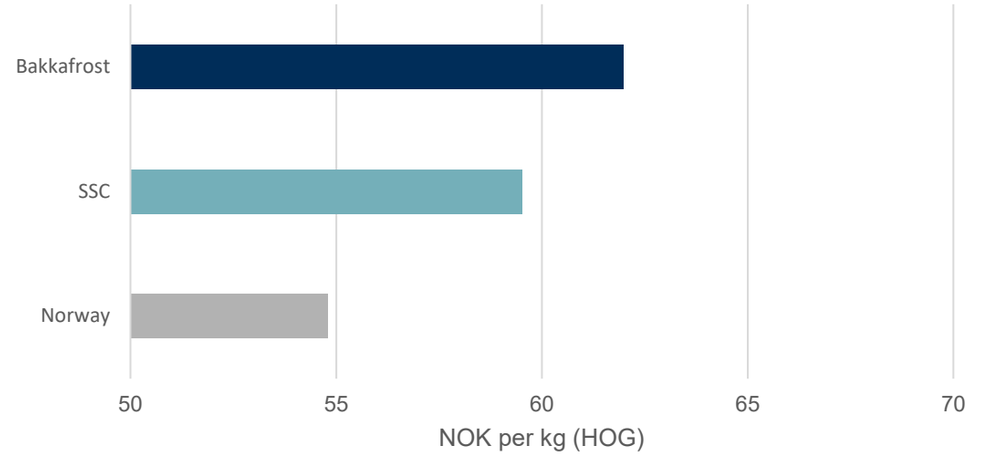
HEALTHY BUSINESS

Operational EBIT/kg, NOK (2020)



Source: Kontali, Bakkafrost

Realised prices/kg, NOK (2020)

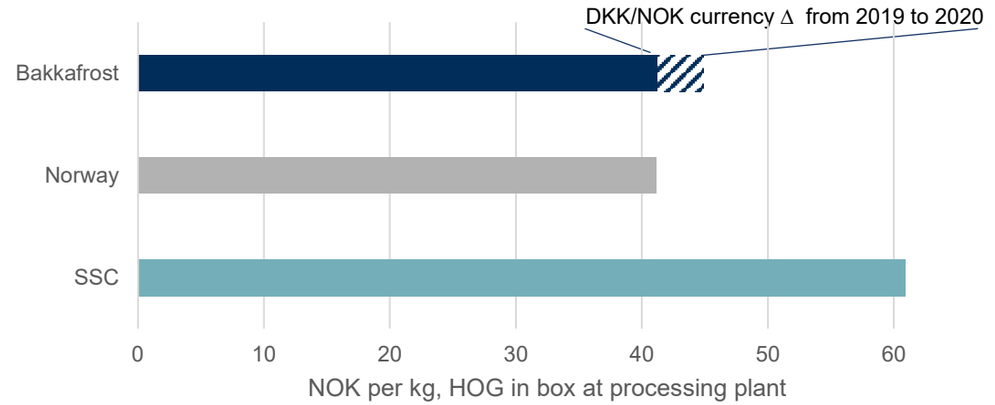


Source: Kontali, Bakkafrost

- Outstanding performance in the Faroe Islands

- Robust plan for material improvements in Scotland
  - Natural target to be most profitable player in Scotland
  - Gradual improvement, larger step expected in 4-5 years
    - Upon harvest from larger smolt

Costs/kg, NOK (2020)



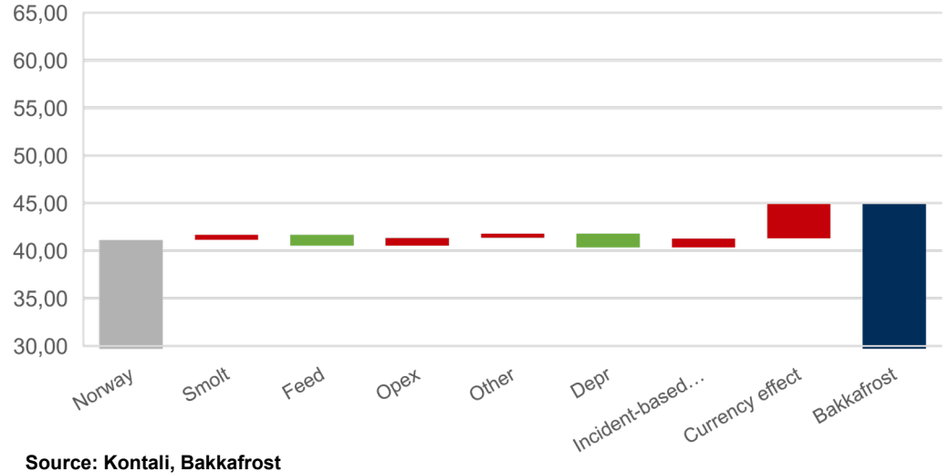
Source: Kontali, Company reports
Note: (1) Harvesting, fish transportation and processing/packaging

COST PERFORMANCE
ROBUST PLAN FOR MATERIAL IMPROVEMENTS IN SCOTLAND

- Faroes carrying cost of value chain dimensioned for 100k tonnes
  - Fixed cost dilution expected in line with growth

- Very high costs in Scotland
- Business plan impacts Scotland in three stages
  - Feed, seawater equipment and vessels (short horizon)
  - Improved practices (medium horizon)
  - Structural investments in lager smolt (4-5 year horizon)
- Largest impact expected from larger smolt strategy

Comparison - Cost items per kg, NOK (2020)



Source: Kontali, Bakkafrost

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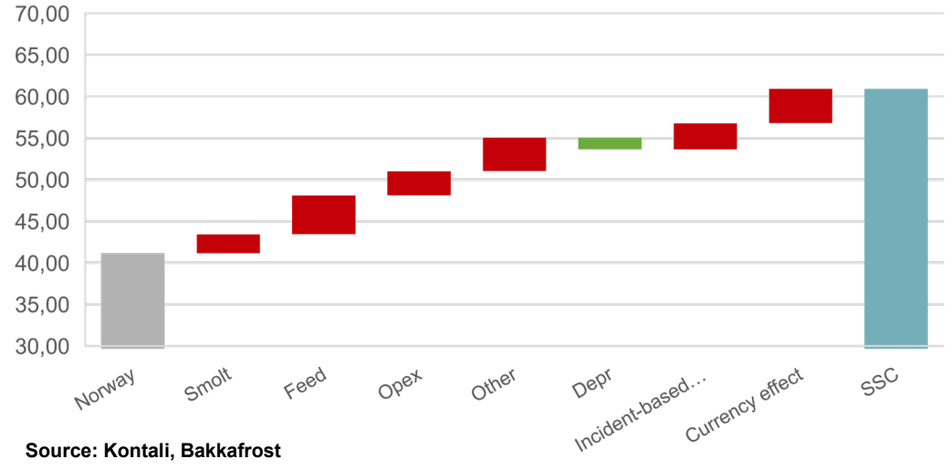


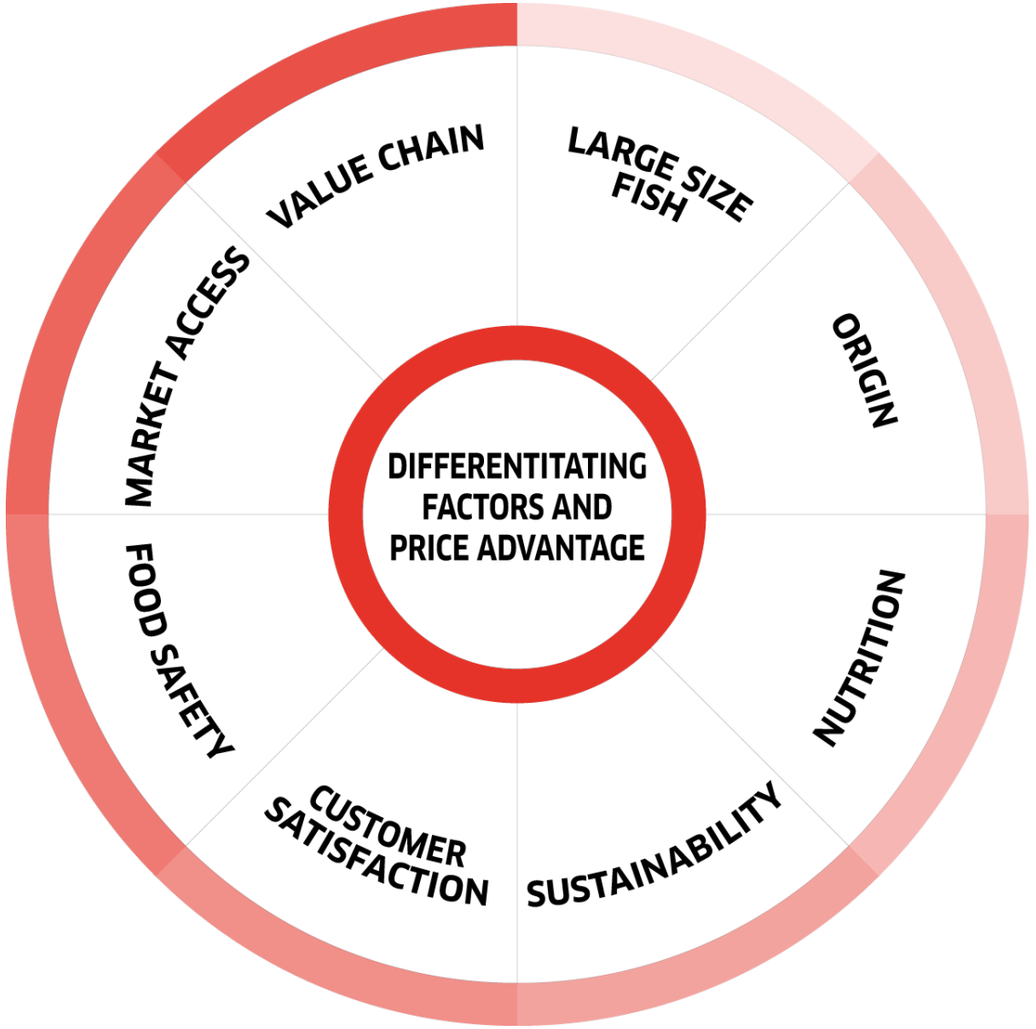
Source: Kontali, Bakkafrost

Note: Depreciation of seawater activities only

PRICE ACHIEVEMENT RELATIVE TO MARKET
MARKET CRITERIA

- Large sized fish short in supply
- Faroes and Scotland preferred niche origins
- Natural diet - healthy salmon - healthy products
- Alignment between sustainability and healthy salmon
  - High control of value chain
  - Control of food safety standards and traceability
- ESG certifications entry card to high end segments
  - Aquaculture stewardship council (ASC)
  - Best Aquaculture Practices (BAP)

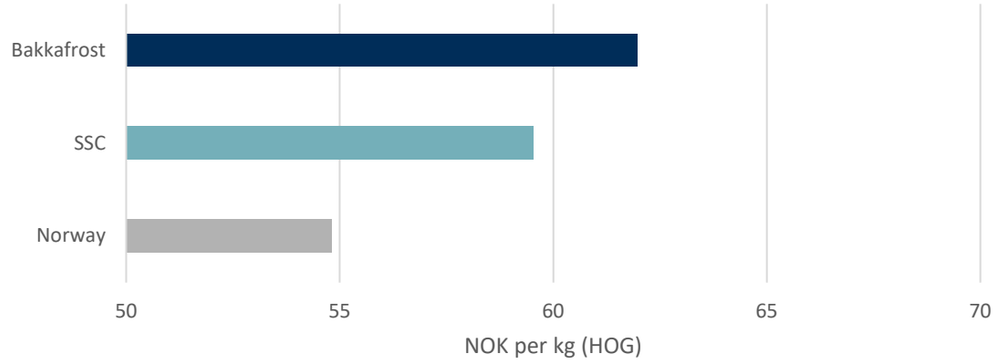
Healthy salmon appreciated by the high end market!



PRICE ACHIEVEMENT RELATIVE TO MARKET
STRONG TRACK RECORD

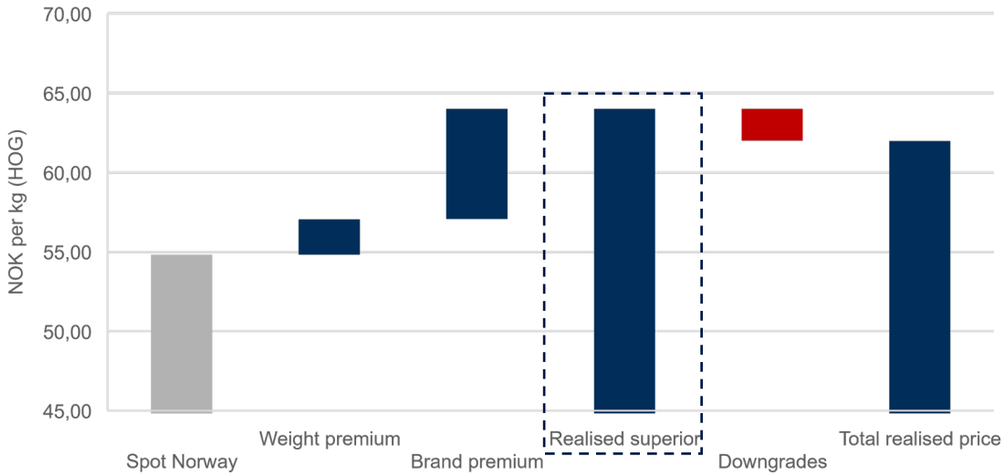
- Larger fish obtain price premium
- Brand premium
  - Driven by ability to meet market criteria
- Downgraded fish sold at discount
  - Mitigated by in house secondary processing (VAP)
  - Low secondary processing capability in Scotland

Comparison – Price 2020



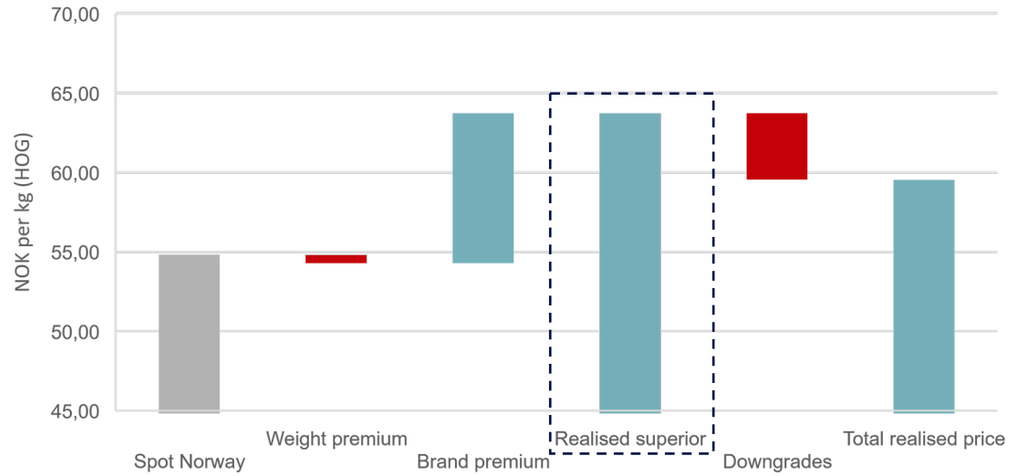
Source: Kontali, Bakkafrost

Faroes – Price achievement 2020



Source: Kontali, Bakkafrost

Scotland – Price achievement 2020



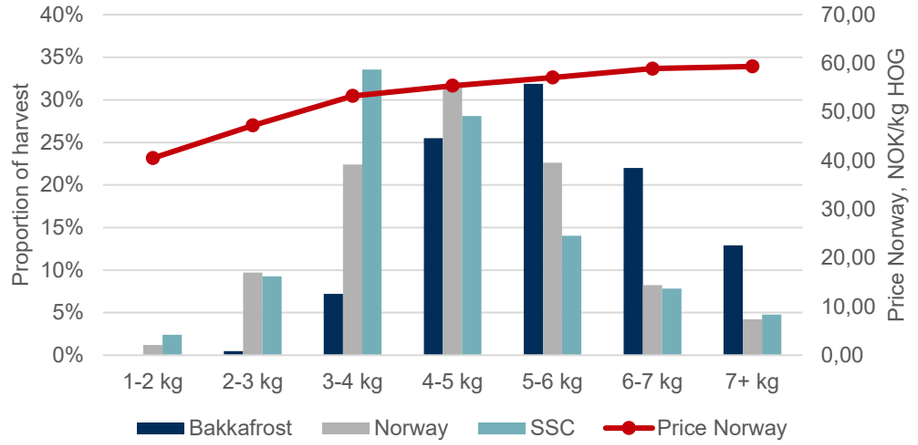
Source: Kontali, Bakkafrost

PRICE ACHIEVEMENT RELATIVE TO MARKET
SIZE AND NUTRITION

HEALTHY BUSINESS

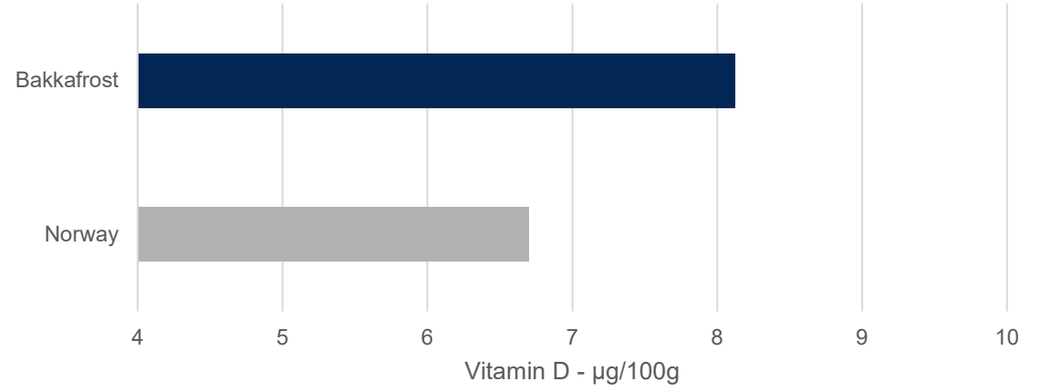
- Price of salmon generally increase with size
- A natural diet major contributor to obtaining large salmon
- Faroes has long history of high harvest weights
- Harvest weights in Scotland have been low
  - Business plan target higher average harvest weights
  - Scotland starting to benefit from in house feed
- The healthy salmon diet also converts into a healthy product

Size distribution and price, 2020



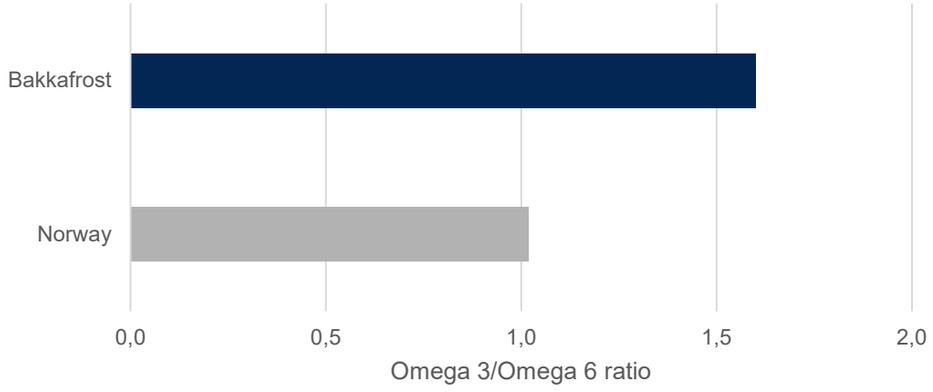
Source: Kontali, Bakkafrost

Vitamin D - 2020



Source: Sjømatdatabasen, Bakkafrost

Omega 3/Omega 6 ratio consumer portion - 2020



Source: Sjømatdatabasen, Bakkafrost

PRICE ACHIEVEMENT RELATIVE TO MARKET

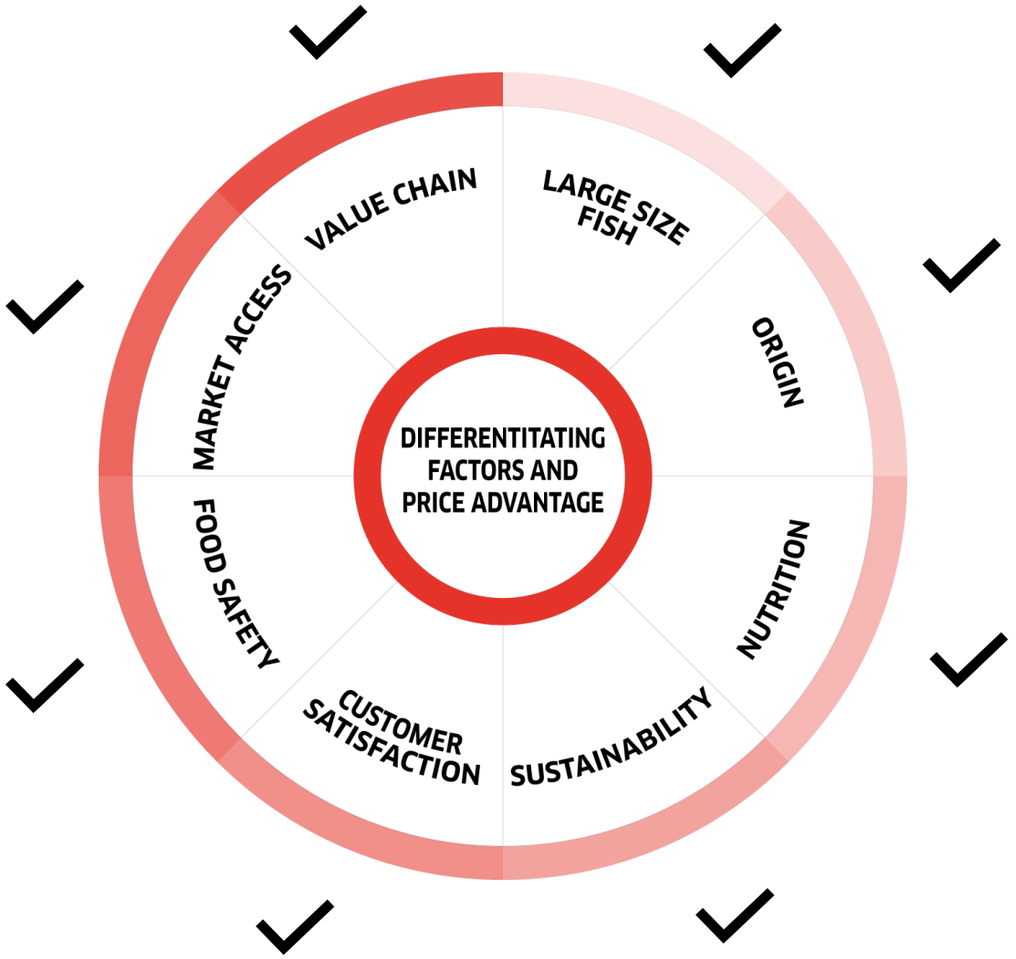
"BRAND PREMIUM" – TICKING ALL THE BOXES

FAROE ISLANDS

- Bakka Salmon by Bakkafrost (B2B)
- Heimland by Bakkafrost (B2C)
- 18 Islands by Bakkafrost (luxury B2C)

SCOTLAND

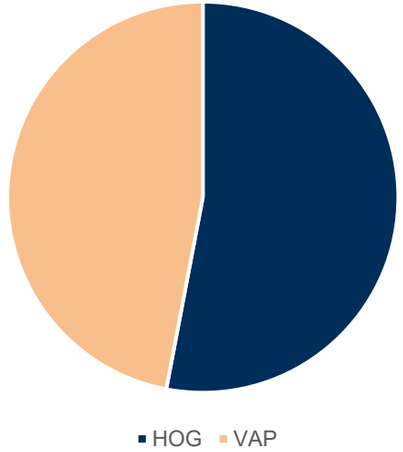
- Native Hebridean by Bakkafrost (luxury B2C)
- Lochlander by Bakkafrost (Luxury B2C)
- Scottish Salmon Company by Bakkafrost (B2B)



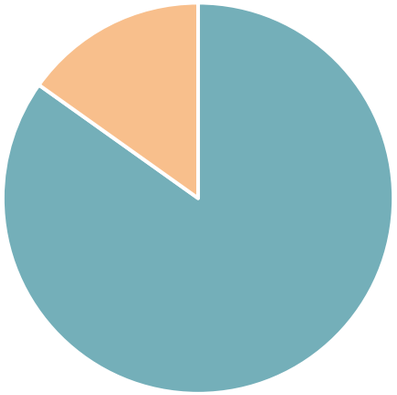
PRICE ACHIEVEMENT RELATIVE TO MARKET

"BRAND PREMIUM" SUPPORTED BY CONSUMER PRODUCTS

Faroe Islands – Harvest allocation, 2020



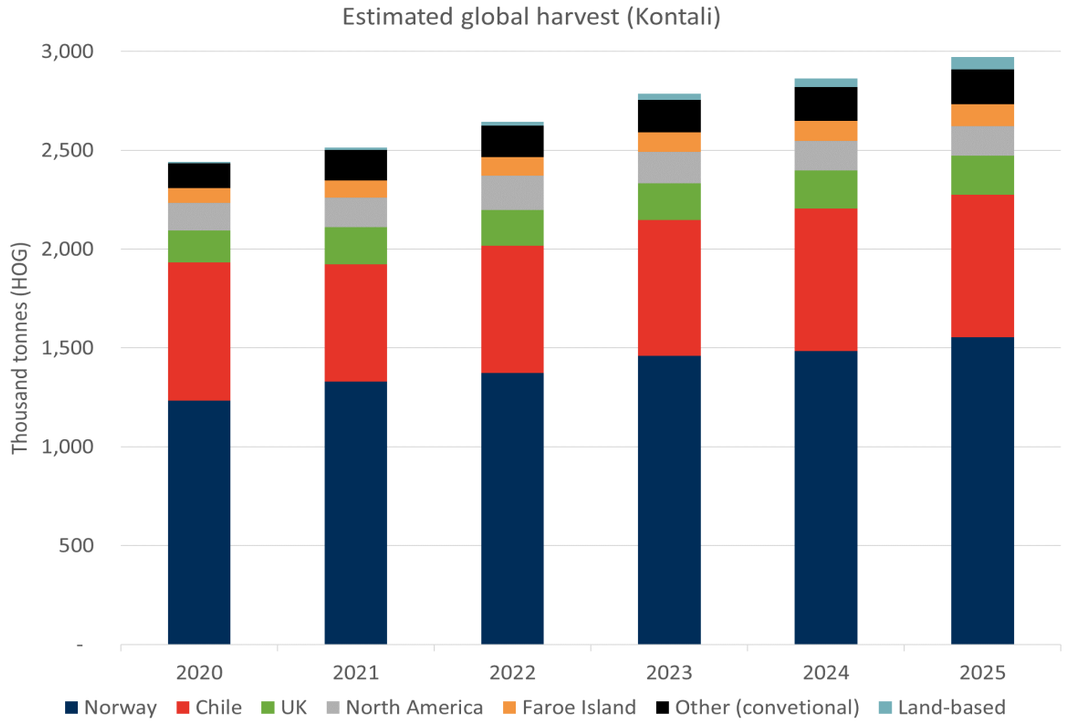
Scotland – Harvest allocation, 2020



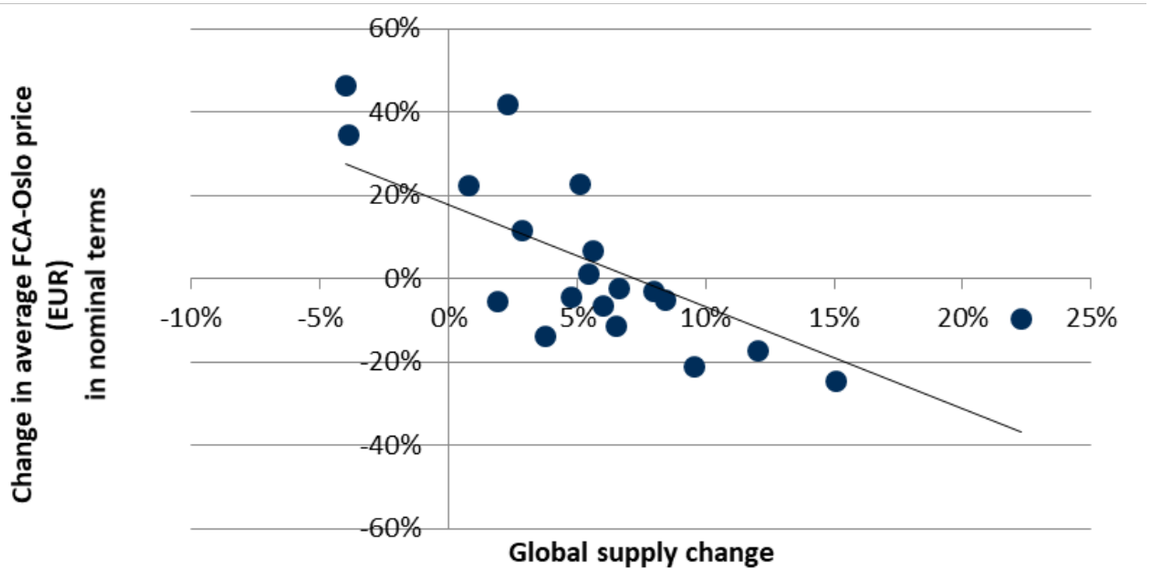
MARKET OUTLOOK
KONTALI PREDICTS LIMITED SUPPLY – IMPLIES TIGHT MARKET

HEALTHY BUSINESS

2020-2025: 4% CAGR



Market balance at ~6-7% growth



SUSTAINABLE GROWTH
PLANNING FOR OVER 40% CONVENTIONAL ORGANIC GROWTH NEXT 5 YEARS

HEALTHY BUSINESS

Faroe Islands

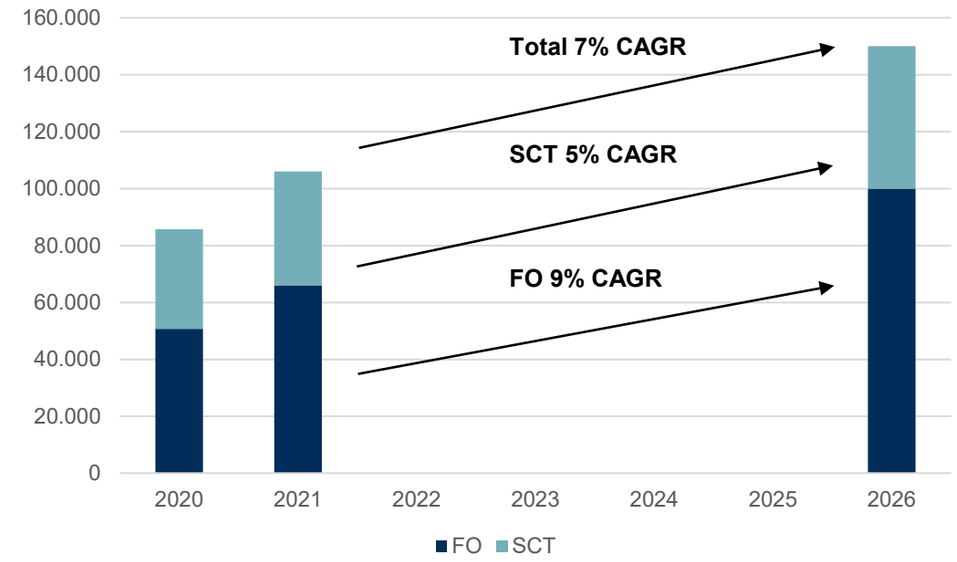
- Higher turnover of existing licence through larger smolt

Scotland

- Part of current licence portfolio is not fully utilised
- Mitigation of biological challenges to allow utilisation
  - Improved equipment, systems and practices
- Availability of larger smolt shortening cycle
  - Will enable “one summer” strategy

No requirement for new licence capacity

Growth estimates (HOG ktonnes)



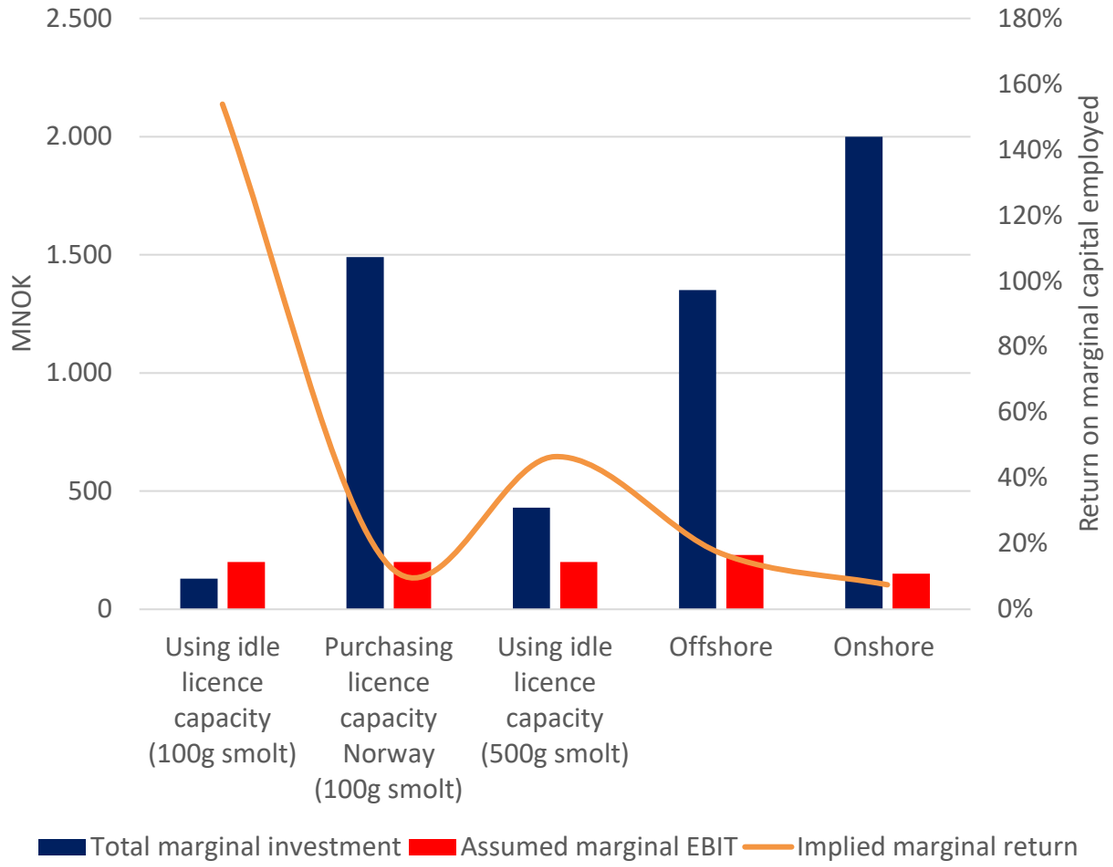
Note: Possible use of new technology (e.g. offshore) not accounted for in harvest projections

GROWTH - NEW PRODUCTION METHODS DEVELOPING

MODERATE SUPPLY IMPACT EXPECTED DUE TO LOWER RETURNS FROM INCREMENTAL CAPACITY

- Industry facing supply constraints using conventional methods
- New, capital intensive, developments being tested
  - Government support through licence system in Norway
- No obvious first mover advantage for Bakkafrost
  - Large unutilised conventional growth potential
  - Capital intensive technologies not yet proven
  - No access to subsidised trials
- Focus to identify attractive growth track beyond 2026
  - Acceptable capital requirement and added costs
  - Sustainability

ILLUSTRATIVE EXAMPLE OF RETURNS



Note: See assumptions, sources etc. in New Technology chapter

Bakkafrost one of few players with large organic growth potential within existing conventional licence framework

Note: Bakkafrost takes no responsibility for the accuracy or correct interpretation of the collected estimates listed above. The purpose of the table is to generally illustrate return dynamics of projects requiring larger capital investments.

~ 6.2BN PLANNED INVESTMENTS 2022-2026
FRONTLOADED TO ACCELERATE BUSINESS TRANSFORMATION IN SCOTLAND

HEALTHY BUSINESS

Faroe Islands:

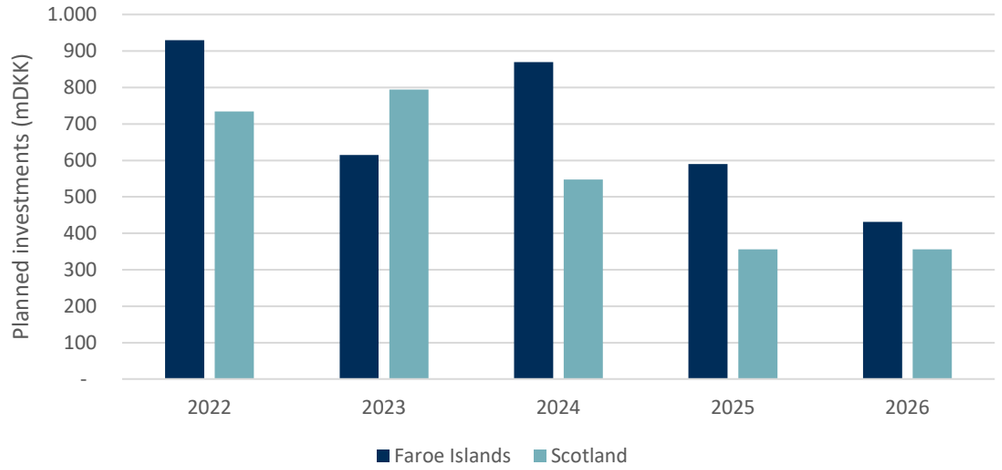
- Hatchery capacity (2026 capacity: +23m smolt at 500g)
- Increase feed capacity to cater 200,000 tonnes (HOG) harvest
  - Flexibility for further expansion to 290kt (HOG) harvest
- 7,000m3 multi-purpose well boat
- Seawater expansion investments, including offshore
- Broodstock facility

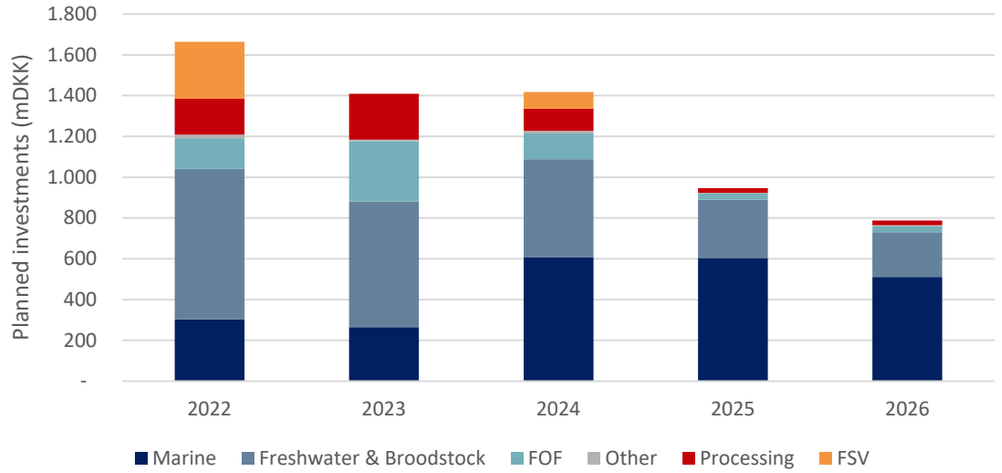
Scotland:

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

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

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





Superior salmon from the FAROE ISLANDS

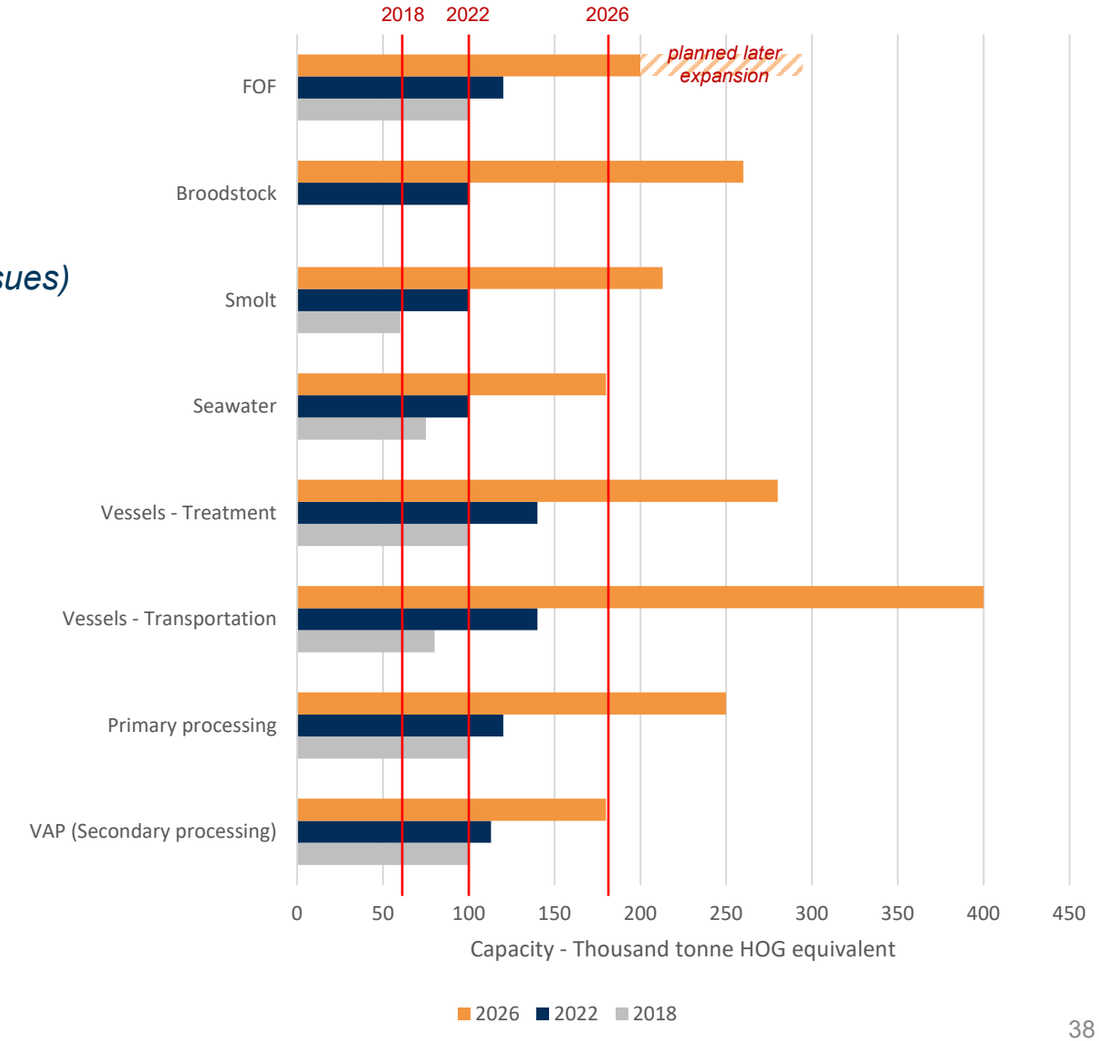
PLANNED INVESTMENTS ENSURE SIGNIFICANT UPLIFT IN CAPACITY

VALUE CHAIN SYNCHRONISED AT 180KT HOG HARVEST CAPACITY IN 2026

HEALTHY BUSINESS

- Value chain syncronised 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)*

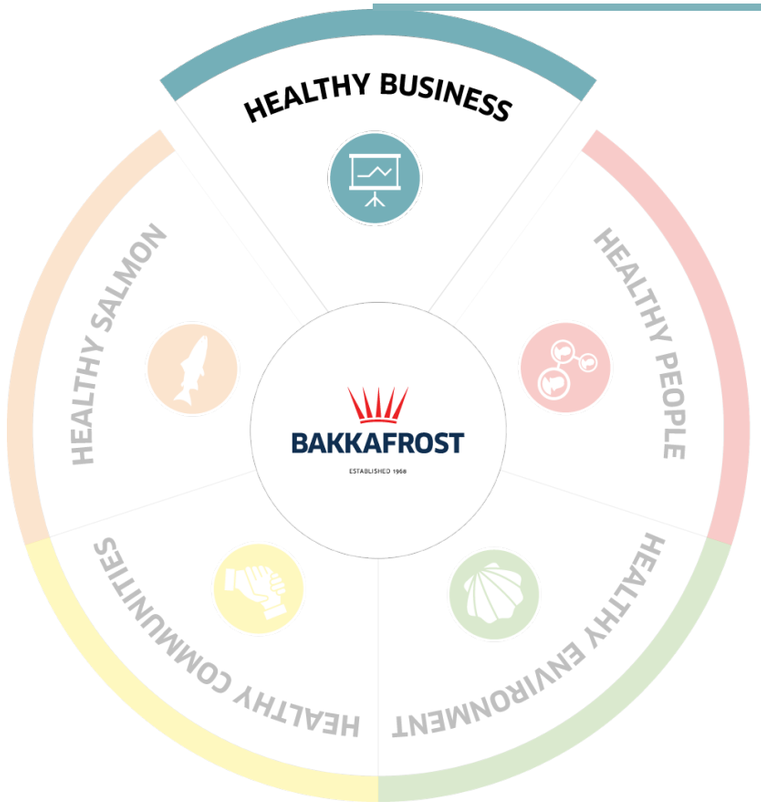
Development in capacity constraints



Superior salmon from the FAROE ISLANDS

HEALTHY BUSINESS TARGETS 2022-2026
STRONG GROWTH AND RELATIVE MARGIN IMPROVEMENT

HEALTHY PEOPLE



- Maintain global EBIT/kg leadership in the Faroes
- Industry leading on EBIT/kg in Scotland
- 40% organic growth using existing licences reaching 150,000kt harvest in 2026
- Synchronise value chain at 180,000kt capacity
- Explored further organic growth opportunities

HEALTHY MARGINS IN SCOTLAND

MAINTAIN COST POSITION

BUILD CAPACITY 180,000t (HOG)

HARVEST 150,000t (HOG)

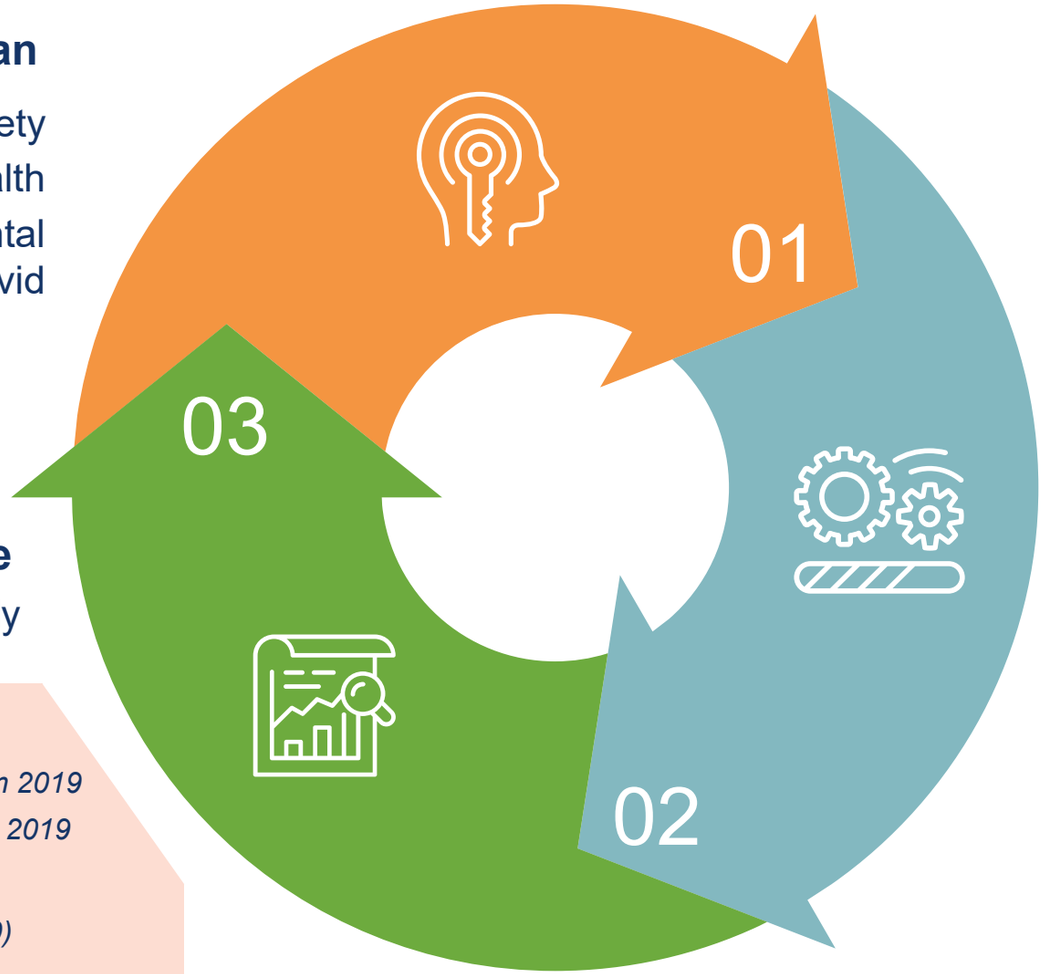

HEALTHY PEOPLE
HEALTHY ENVIRONMENT
HEALTHY COMMUNITIES
HEALTHY SALMON
HEALTHY BUSINESS
BAKKAFROST
ESTABLISHED 1968

EMPLOYEE SAFETY
A CORE CRITERIA FOR ALL OUR ACTIVITIES

HEALTHY PEOPLE

Plan

- Safety
- Occupational Health
- Special focus on Mental Health during Covid



Measure

- Monitor KPI's weekly

Lost Time Incident Rate (2020):
- *Scotland: 24.19* ***21.7%*** *reduced from 2019*
- *Faroes: 9.63* ***5.9%*** *reduced from 2019*

- **865** Good Catches in 2020 *(172 in 2019)*
- **0** fatalities in 2020 and 2019
- Absence Rate (Faroes) reduced **19.3%** in 2020

Improve

- Further strengthen our Safety Culture
- Training staff & managers *(e.g. IOSH training)*
- Communication and Awareness *(H&S is 1st meeting topic)*
- Site visits and H&S audits *(by 3rd party at site level)*
- New Safety Management Systems
- Prepare for ISO 45001 certification
- Implemented "Good Catch" near miss registration

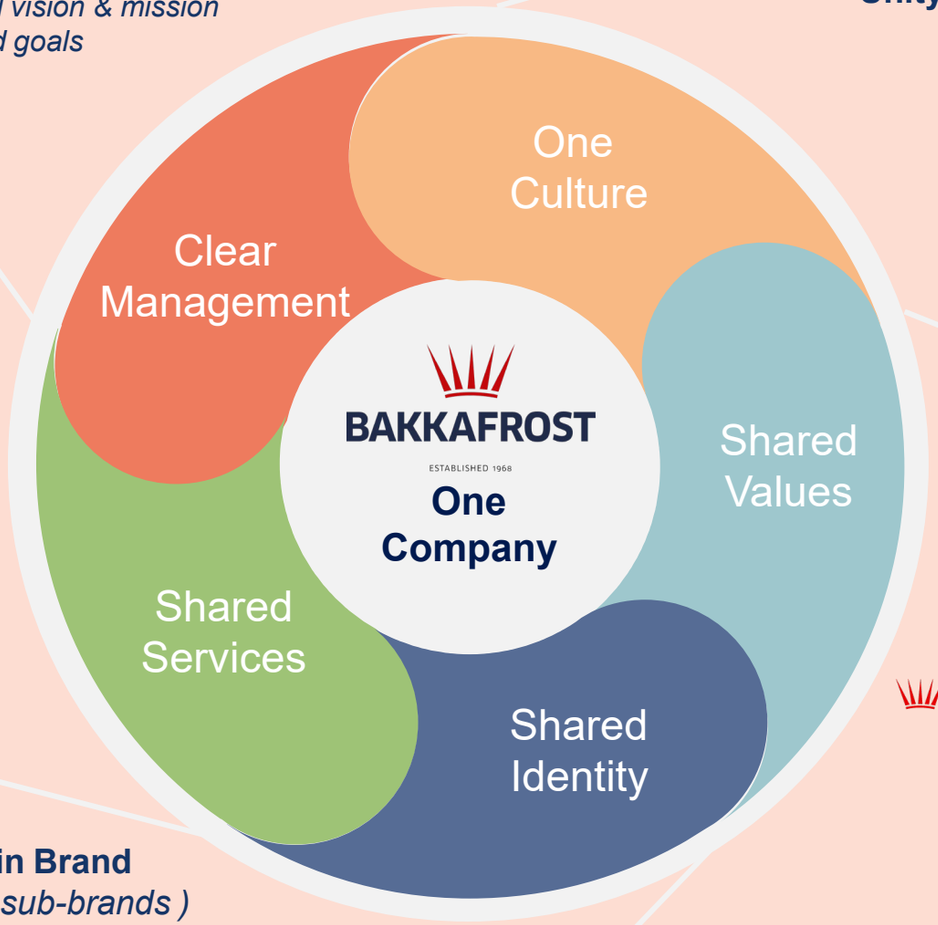
ONE COMPANY
THE FUTURE OF BAKKAFROST

HEALTHY PEOPLE

United team
- *Shared vision & mission*
- *Aligned goals*

Shared Services:
- *Broodstock*
- *Feed*
- *FSV operation*
- *Sales & Logistics*
- *Finance*
- *IT*
- *Procurement*
- *Sustainability*

Sharing Best Practices:
- *Farming (Marine & Freshwater)*
- *Biology*
- *HR*
- *Health & Safety*
- *Quality*
- *R&D*



Unity and pragmatism
- *Origin*
- *Pride of achievements*
- *Transparent*
- *Empowered and decisive*
- *Market driven*
- *Helpful and collaborative*
- *Supported by technology*

Respectful
Pride
Responsible
Passion
Persistent
Provenance

Key words:
- *Provenance*
- *Unique*
- *Unmatched quality*
- *Healthy*
- *Sustainable*

One Main Brand
(Associated sub-brands)

ONE COMPANY
SHARED SERVICES - EXAMPLES

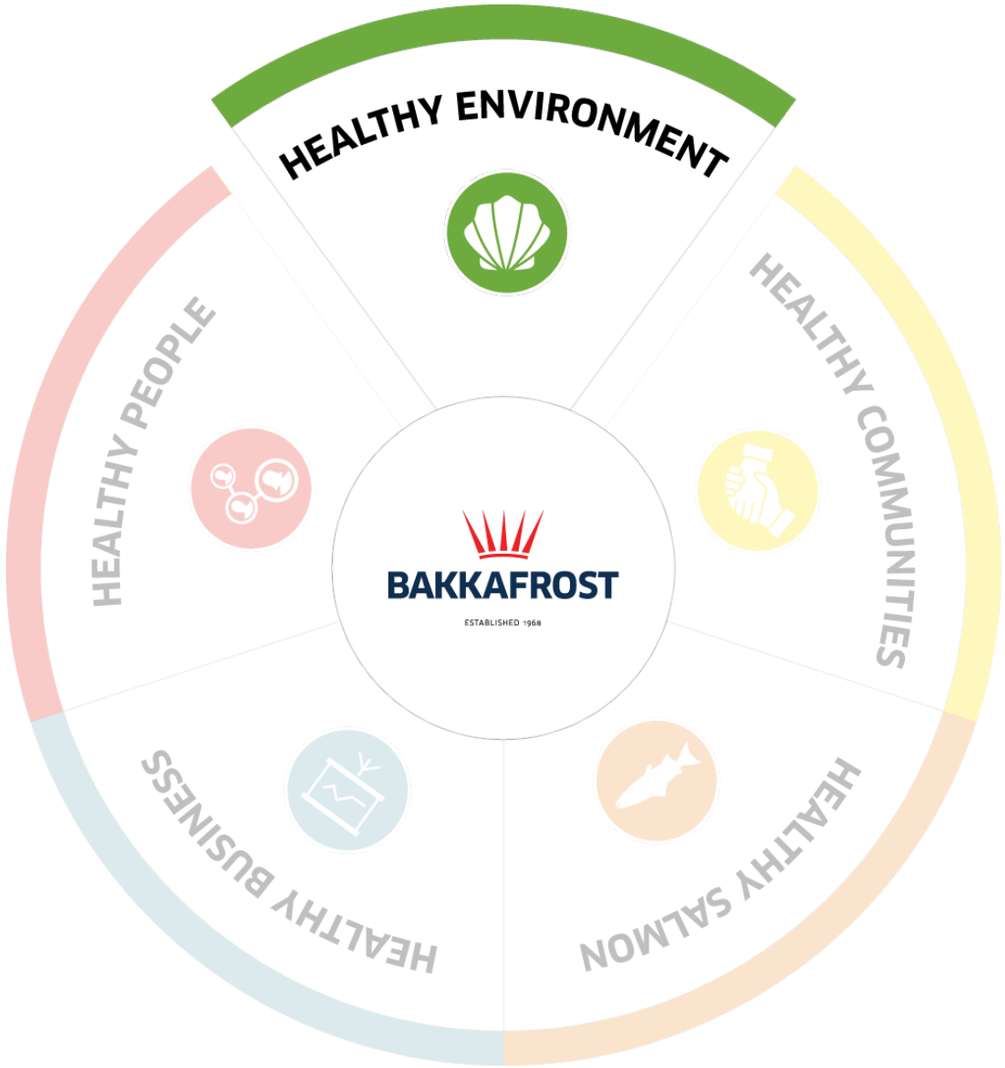
Sales
- *One sales organisation*
- *Full transparancy and production control*
- *Optimise achieved prices*

Feed
- *Econonomies of scale*
- *Ensures consistent quality*
- *Adds to differentiation*

FSV operation
- *Efficient use of assets*
- *Enables knowledge sharing and accumulation*

HEALTHY PEOPLE TARGETS 2020-2026
ONE COMPANY

- Lost Time Injury Rate less than 5 for the Bakkafrost Group
- 0 fatalities
- ISO 45001 certified
- Truly One Company with
  - Efficient shared services
  - Harmonised best practice processes


HEALTHY ENVIRONMENT
HEALTHY COMMUNITIES
HEALTHY SALMON
HEALTHY BUSINESS
HEALTHY PEOPLE
BAKKAFROST
ESTABLISHED 1968

SUSTAINABILITY CHALLENGES
FARMED SALMON HAS AN IMPORTANT ROLE TO PLAY

Growing population…

200 years ago

1 billion

2019

7.7 billion

2050

9.7 billion

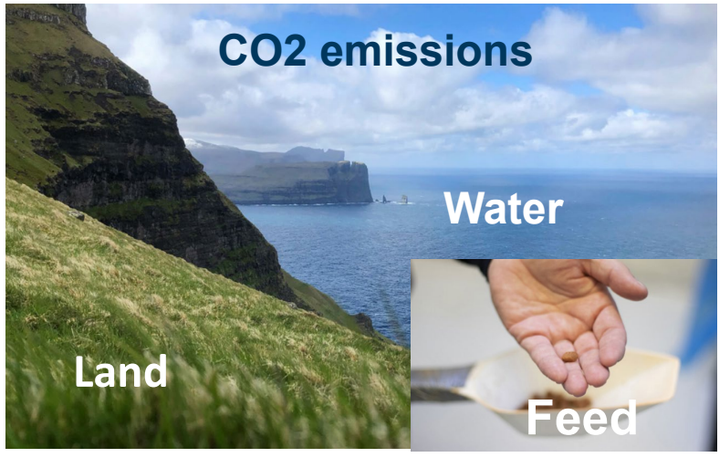
…requires more resource

Available

Needed in 2050

70% more protein needed!

Sustainably produced Salmon is one of the most resource-efficient and healthy sources of animal protein



Salmon has an important role to play for feeding the growing population

Sources: UN, Earth Overshoot Day 2019, FAO, IPCC 2018 Report

FARMED SALMON – LOW CARBON FOOTPRINT
EFFICIENT USE OF NATURAL RESOURCES

HEALTHY ENVIRONMENT

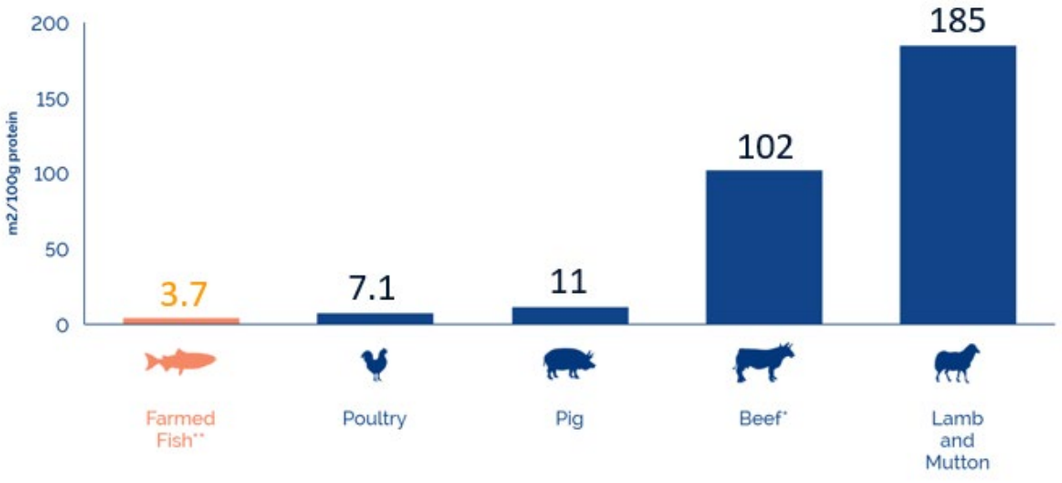
Note: CO2e is calculated by multiplying the emissions of each of the six greenhouse gases (CO2, CH4, N2O, HFCs, PFCs and SF6) by its 100-year global warming potential (GWP)

Source: Unilever Food Solutions & Global Salmon Initiative

FARMED SALMON – LOW LAND AND FEED CONVERSION RATIO

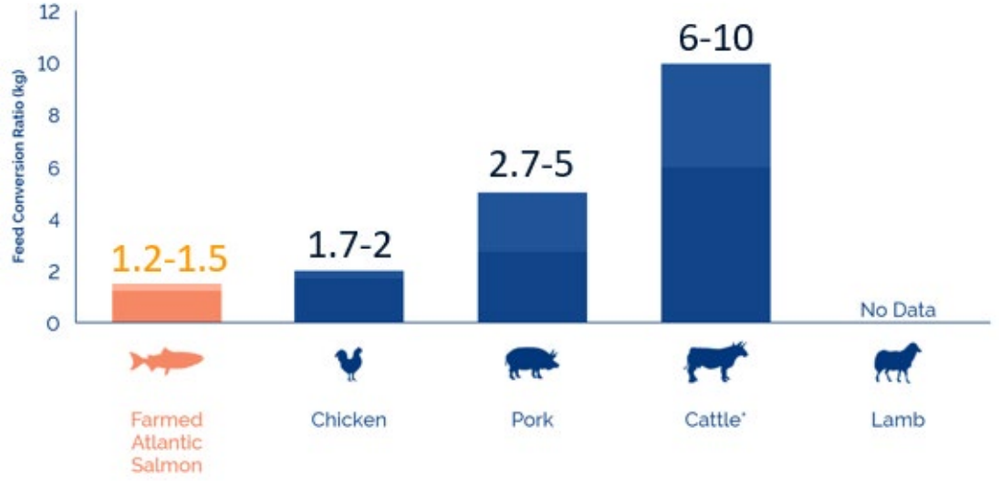
EFFICIENT USE OF NATURAL RESOURCES

Land area needed to produce 100g of edible protein



Source: GSI

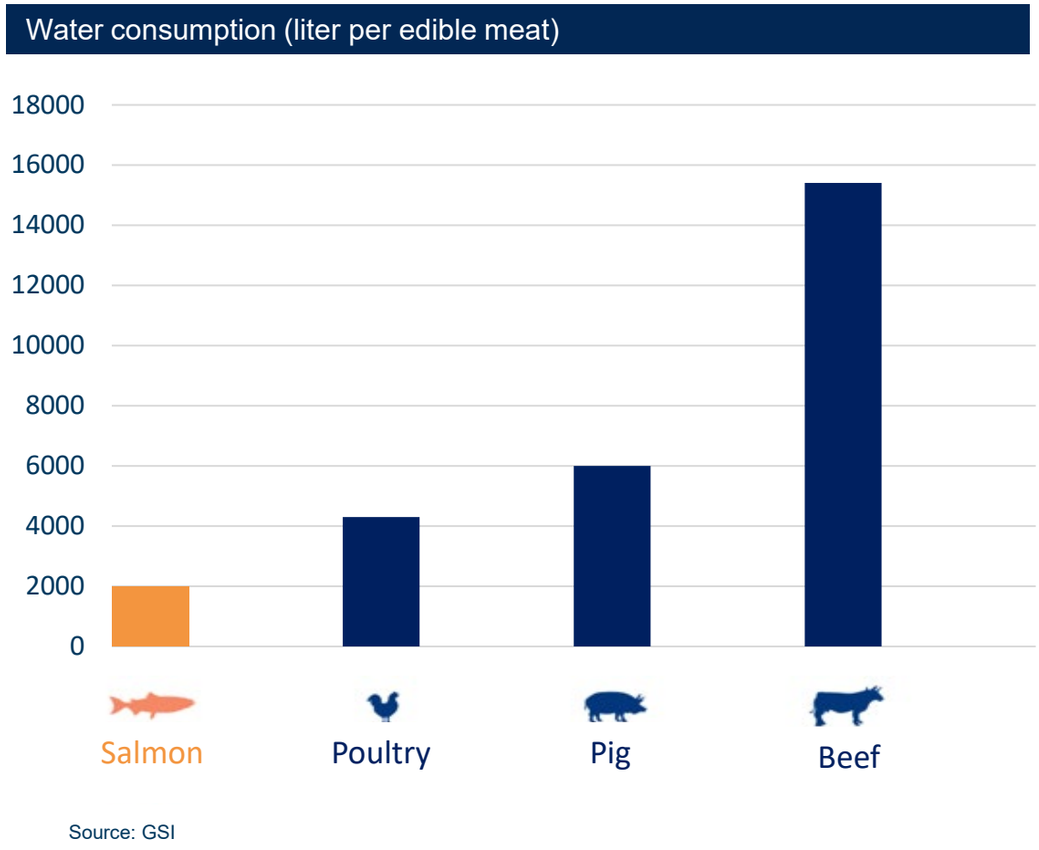
Feed Conversion Ratio (FCR)



Note: Feed conversion ratio (FCR) measures the productivity of different protein production methods. It demonstrates the kg in feed need to increase the animal's bodyweight by 1kg.

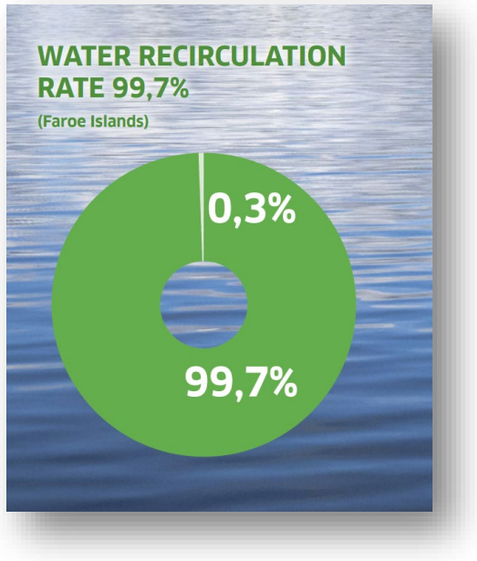
Source: GSI

FARMED SALMON - LOW WATER FOOTPRINT
EFFICIENT USE OF NATURAL RESOURCES



Source: GSI

Bakkafrost has an ongoing target to have 97% water recirculation rate in our hatcheries

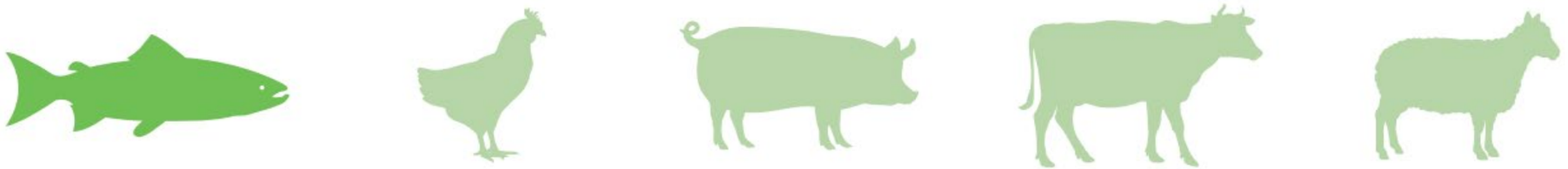


- Reduced water usage by 95% at our site Applecross by introducing RAS
- Water use in Scotland will decrease significantly with the planned investments in new hatcheries with RAS

FARMED SALMON – HIGH EDIBLE YIELD
EFFICENT USE OF NATURAL RESOURCES

HEALTHY ENVIRONMENT

Edible meat pr kg feed



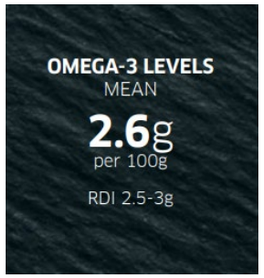
68%	46%	52%	No data	38%
Farmed Atlantic Salmon	Chicken	Pork	Beef	Lamb

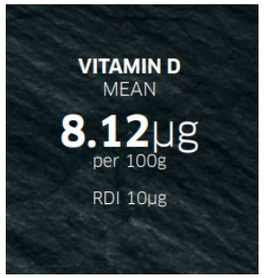
Calculated with avg. FCR of 1.3
Bakkafrost FCR (2020) was 1.08

These calculations take into account differences in FCR, edible yields and the cost of progeny.
Source: Global Salmon Initiative, Bakkafrost

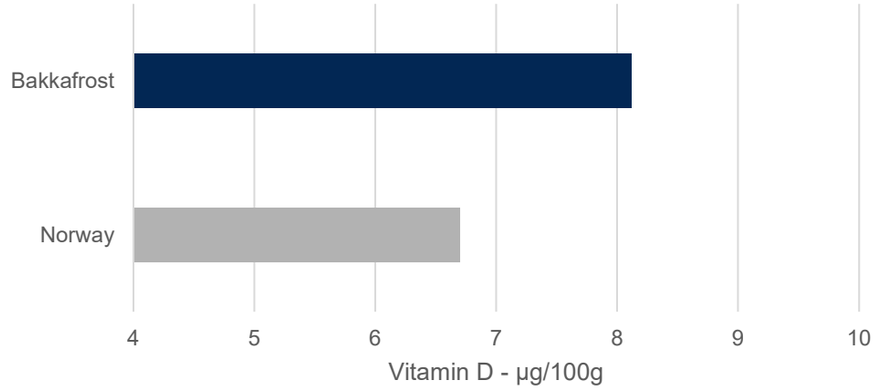
FARMED SALMON - NUTRITION
A HEALTHY SOURCE OF PROTEIN

On average, 100g of Bakkafrost salmon contains:



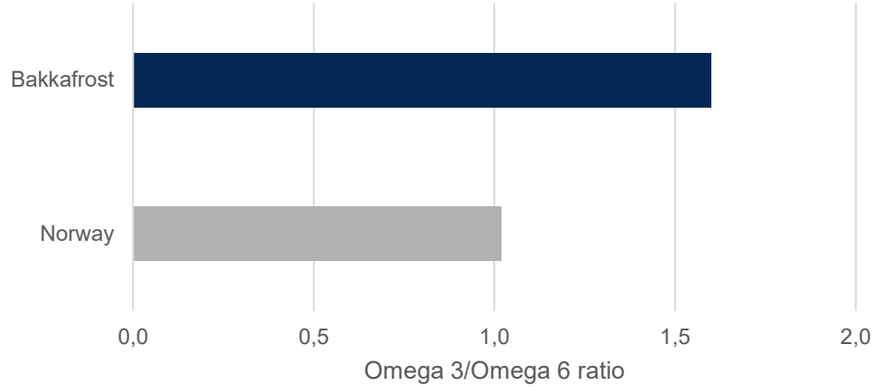


Vitamin D - µg/100g - 2020



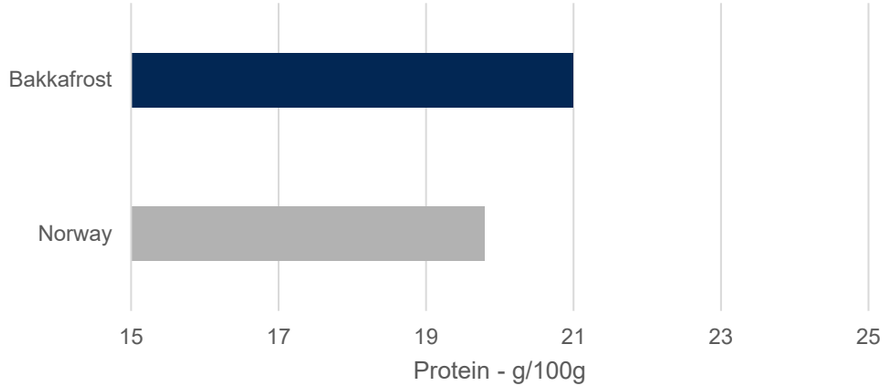
Source: Sjømatdatabasen, Bakkafrost

Omega 3/Omega 6 ratio consumer portion - 2020



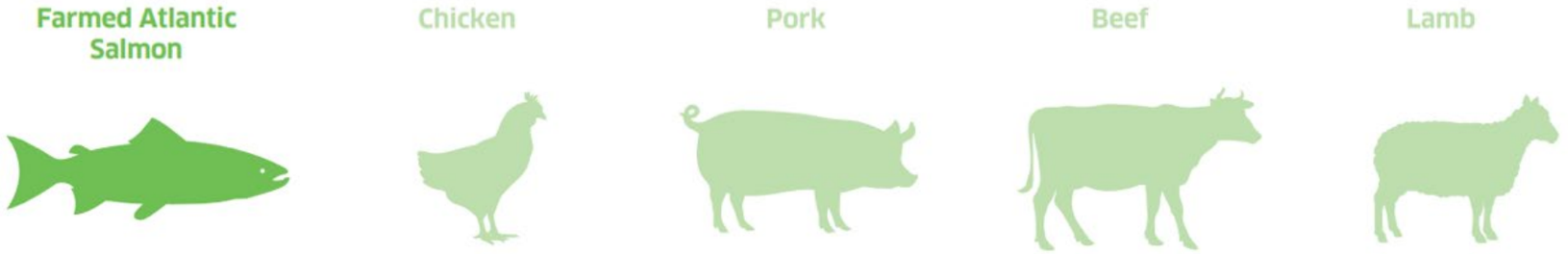
Source: Sjømatdatabasen, Bakkafrost

Protein - g/100g - 2020*



Source: Sjømatdatabasen, Bakkafrost
***Norway is for 2019**

FARMED SALMON IS A VERY RESSOURCE EFFICIENT SOURCE OF HEALTHY PROTEINS

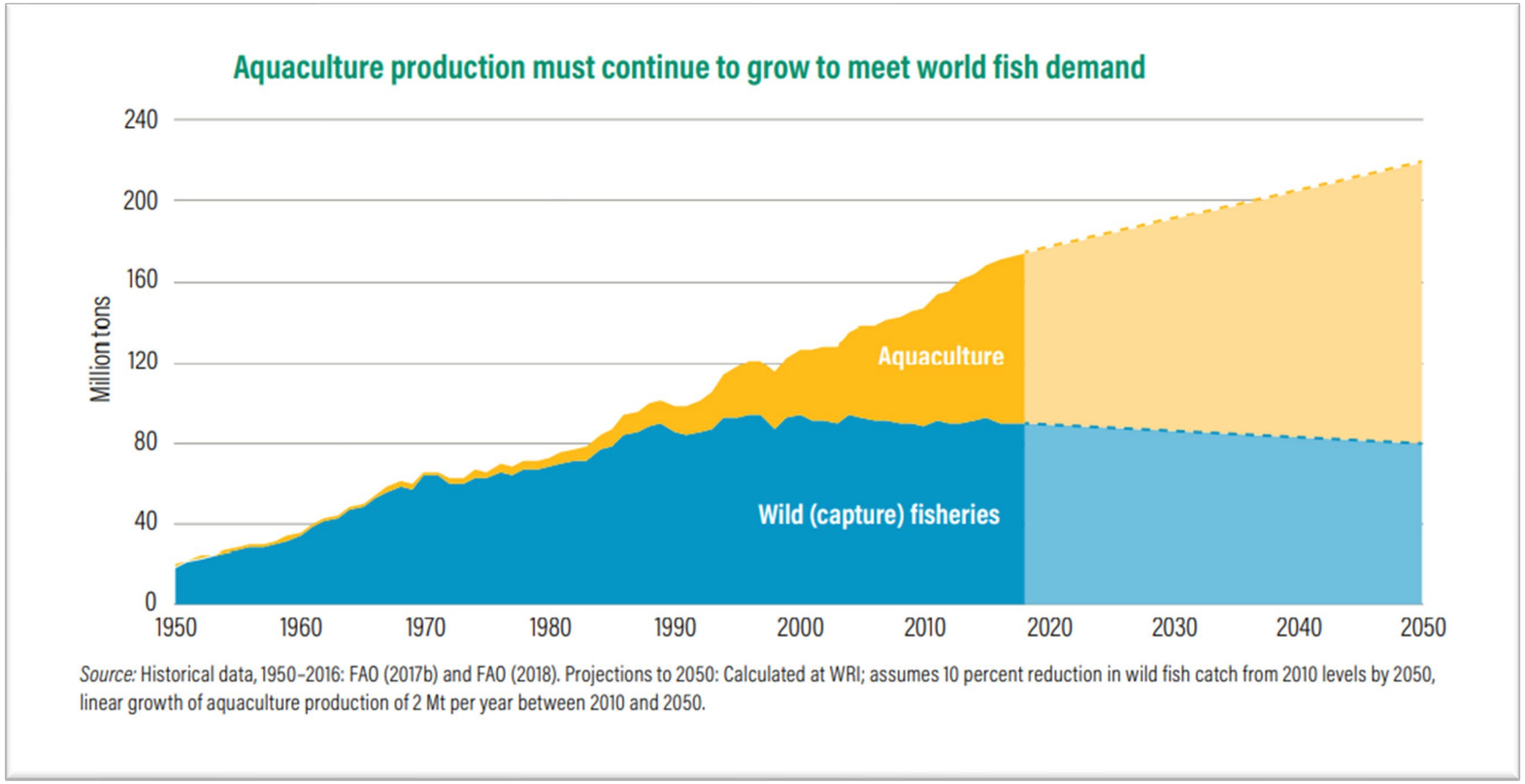


	Farmed Atlantic Salmon	Chicken
Carbon Footprint	Lowest	
Land Use	Lowest	
Feed Conversion	Highest	
Water Footprint	Lowest	
Edible Yield	Highest	
Protein	2nd highest	Highest
Omega 3	Highest	
Vitamin D	Highest	

SUSTAINABILITY CHALLENGES – IMPORTANCE OF AQUACULTURE

AQUACULTURE PRODUCTION MUST CONTINUE TO GROW TO MEET WORLD FISH DEMAND

Growth in world fish supply since the 1990s has come from aquaculture.



Aquaculture production would need to **more than double** between 2010 and 2050 to meet projected fish demand in our baseline

Source: World Resources Institute, CREATING A SUSTAINABLE FOOD FUTURE

GROWING SUSTAINABLY
EXAMPLES OF HOW WE EMBED SUSTAINABILITY IN OUR BUSINESS MODEL

Bakkafrost HQ

Strond Hatchery

Applecross Hatchery

Building the green way
Energy efficiency is a design criteria when we construct new plants.

Recycling
Recycle or repurpose old farming nets and chains.
Repair and reuse cables and pipes

Sustainable Growth
FÖRKA - Bakkafrost biogas plant produces renewable energy from bioorganic waste from Bakkafrost hatcheries

GROWING SUSTAINABLY

EXAMPLES OF HOW WE EMBED SUSTAINABILITY IN OUR BUSINESS MODEL

Electrification

- The majority of Bakkafrost feeding barges in the Faroe Islands are powered by electrical sea cables from land
- Building new pure electrical work boat

Full utilization of resources – minimise waste

- 100% utilisation of the salmon
- By-products sold for human or animal consumption

Building for the future

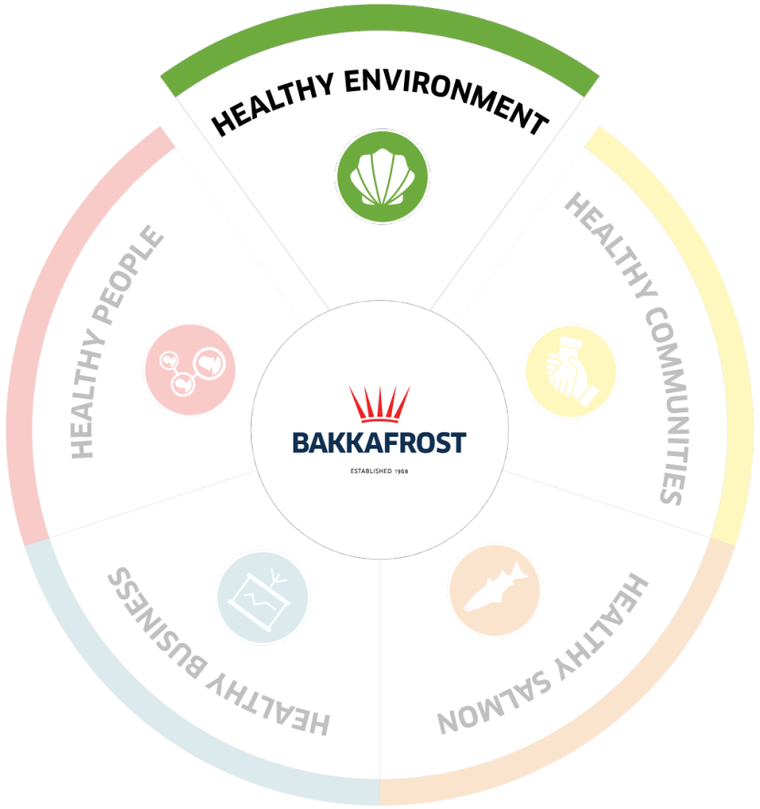
Energy vessel efficiency (Bakkafoss, electical work boat, fuel consumption)

Reducing scope 3 emission

Own airline to reduce carbon air freight emission by 40-50%

HEALTHY ENVIRONMENT TARGETS 2022-2026 *(AND BEYOND)*

CONTINUE TO REDUCE OUR FOOTPRINT



- 50% reduction of scope 1 & 2 CO2 emission in the Faroes by 2030
- Over 97% water recirculation rate in hatcheries
- Ensured sustainable feed ingredients, supporting further growth
- ISO14001 certification in the Faroe Islands *(already in place in Scotland)*
- Zero fish escapes
- We commit to Net Zero by 2050


HEALTHY COMMUNITIES
HEALTHY SALMON
HEALTHY BUSINESS
HEALTHY PEOPLE
HEALTHY ENVIRONMENT
BAKKAFROST
ESTABLISHED 1968

HEALTHY COMMUNITIES
OUR COMMITMENT TO CREATE SHARED VALUE

We remain committed to our local communities in which we live and work.

As a responsible business, we are passionate about driving the economic growth and sustainability of the rural economy

HEALTHY COMMUNITY
COMPLIANCE

We focus on ensuring:

- Ability to meet growing demand through regulated growth
- Compliance with relevant laws, regulations
- Compliance with local and international standards

We seek open and transparent communication with:

- Industry, customers, investors, stakeholder groups and our communities

Work closely with:

- SSPO (Scottish Salmon Producers Group)
- Faroese Fish Farmers Association

HEALTHY COMMUNITY
COOPERATION TO IMPROVE INDUSTRY PRACTICE

Drive forward and collaborate with authorities, peers in the industry and a number of leading industry groups including:

- Global Salmon Initiative (founding member)
- The Faroese Sustainable Business Initiative
- SSPO (Scottish Salmon Producers Organisation)
- EFFOP (European Fishmeal and Fish oil producers)
- Faroese Employers Association and Fish Farmers Association
- Scotland Food & Drink
- IFFO The Marine Ingredients Association
- Lantra
- SEDEX
- SAIC (Scottish Aquaculture Innovation Centre)

HEALTHY COMMUNITY
FAIR EMPLOYER

To ensure inclusivity, open fair and equal opportunities and recruitment with clear priorities in key areas

- Develop a mental health & wellbeing strategy
- Active participation in Modern Apprenticeships and Graduate training schemes in Scotland
- Partnering with local schools for internships. Expanded partnership 10th grade maritime concentration

- Participation in “kick-start” programme to encourage employment for young people
- Integration initiatives for our growing international staff

HEALTHY COMMUNITY
POSITIVE FORCE IN COMMUNITIES

- Year-round sustainable employment in remote rural areas in the Faroe Islands and Scotland
- 3.5% of the total Faroese workforce is employed by the Bakkafrost Group (in 24 of the 29 municipalities in the country)
- Largest private employer in the Western Isles in Scotland
- Social responsibility

  "The partnership with Bakkafrost is exemplary, and we are thankful for their commitment to offer our clients an opportunity to be active in the labor market again"

  Quote: Hallur Thomsen, Director at Almannaverkið, Department of Social Services

- 2.1 mDKK partnership with The University of the Faroe Islands
- Housing programme as part of new site development plans, included a local Café in Lochcarron

HEALTHY COMMUNITY TARGETS 2022-2026

DON'T JUST WANT TO BE THE BEST IN THE SALMON SECTOR - WE WANT TO MAKE IT BETTER FOR EVERYONE

- Investment in key skills to facilitate sustainable growth and investment plan
- Increase transparency on local value creation
- Educate key stakeholders on the benefits of salmon aquaculture
- Increase collaboration with key stakeholders to achieve the Healthy Living Plan
- Continue investment via our Healthy Living Fund in the Faroes and Community Fund in Scotland

TARGET SUMMARY 2022-2026
TOP 4 TARGETS PER AREA FOR SUSTAINABLE GROWTH

HEALTHY LIVING

- Investment in key skills to facilitate sustainable growth
- Increase transparency on local value creation
- Educate key stakeholders on the benefits of salmon aquaculture
- Continue investment via our Healthy Living Fund in the Faroes and Community Fund in Scotland

- 500g smolt across the Group
- bFCR <1.05 in the Faroes and 1.15 in Scotland
- Salmon survival rate >94% in the Faroes and >88% in Scotland
- Yield per smolt >4.3 for the Group

- Faroese scope 1&2 CO_2 emission reduced 50% in 2023
- Net Zero by 2050
- 97% water recycling in all hatcheries
- Ensured sustainable feed ingredients for further growth

- Truly One Company
- Harmonised Best Practice Processes
- Group LTIR less than 5 – 0 fatalities
- ISO 45001 certified

- Further organic growth opportunities explored
- Industry leading EBIT/kg in Scotland
- 150,000kt harvest
- 180,000kt value chain capacity

Superior salmon from the FAROE ISLANDS


HEALTHY COMMUNITIES
HEALTHY SALMON
HEALTHY BUSINESS
HEALTHY PEOPLE
HEALTHY ENVIRONMENT
BAKKAFROST
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Q&A

Bakkafrost presentation
A world-class company in the salmon industry

Capital Markets Day – Processing

Faroe Islands 14 September 2021

DISCLAIMER

This presentation includes statements regarding future results, which are subject to risks and uncertainties. Consequently, actual results may differ significantly from the results indicated or implied in these statements.

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PROCESSING
PROCESSING CAPABILITIES FAROE ISLANDS

Glyvrar

- Capacities per day
  - Gutting - 375 tonnes (HOG)
  - Filleting - 160 tonnes (HOG)
- 100.000 tonnes (HOG) through Harvest per year

PROCESSING
PROCESSING CAPABILITIES FAROE ISLANDS

Vágur

- Capacities per day
  - Gutting: 110 tonnes (HOG)
- 25.000 tonnes (HOG) per year

PROCESSING
LOGISTICS CHAIN FAROE ISLANDS

- Large investments in highly flexible value chain
- State-of the-art VAP factory with high capacity
- Ability to adapt to rapidly changing market situations
- Ability to meet increased retail demand for consumer products

PROCESSING
BENEFITS OF JOINT LOCATION OF MANAGEMENT AND PROCESSING

- Central location
  - Short distance to farms
  - Access to labour improved since opening of tunnel to Tórshavn
- Ability to adapt to rapidly changing market situations
  - Short response time with managers on site
  - Flexible staff
  - Flexibility great advantage during market disruptions (e.g Covid-19 pandemic)

CURRENT PROCESSING IN SCOTLAND

- Two processing facilities with separate harvest stations
- Serve wide geographical spread of marine sites
  - Ranges from 1 to over 400KM from farm to harvest
- Current Capacity
  - 210te/day (HOG)

    (Increased from 170te/day in 2020)

PROCESSING CAPABILITIES SCOTLAND

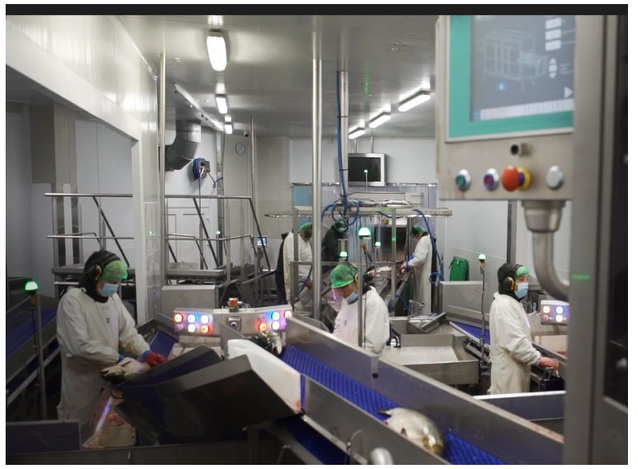
Marybank

Capacities per day

- Gutting -103 tonnes (HOG)
- Filleting - 33 tonnes (HOG)

- 32.000 tonnes (HOG) through Harvest per year

- Smoked salmon (Harris & Lewis smokehouse)



PROCESSING CAPABILITIES SCOTLAND

Cairndow

Capacities per day

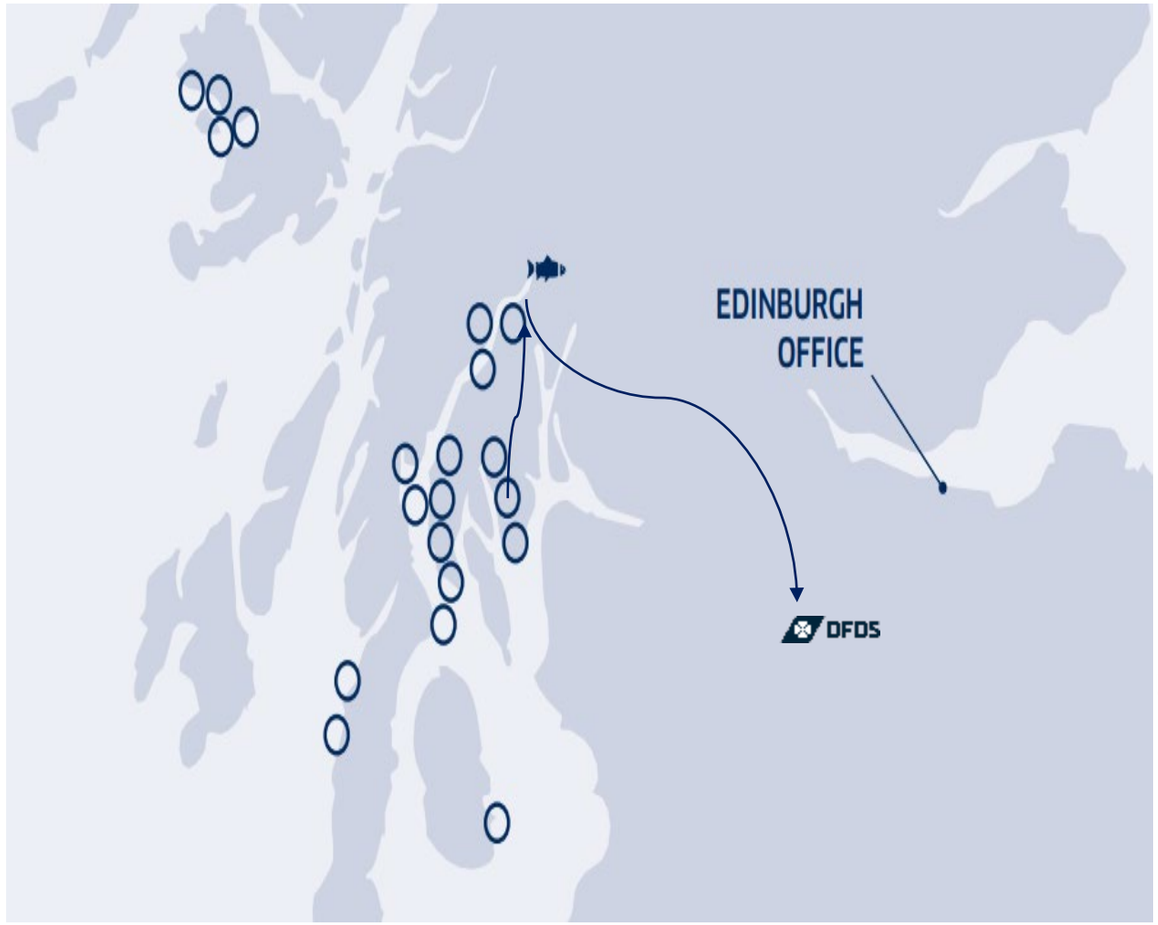
- Gutting -103 tonnes (HOG)
- Filleting - 18 tonnes (HOG)

- 32.000 tonnes (HOG) through Harvest per year

CURRENT PROCESSING IN SCOTLAND

- Fully optimised current capacity
  - New gutting machines and robotic palletisation at Marybank
  - 4th gutting machine at Cairndow
  - Increased filleting capacity (+60%)
- Supports next two years
- Manual processes remain
  - Harvesting
  - Grading & palletisation (Cairndow)
  - Icing and packing
- Limited labour pool

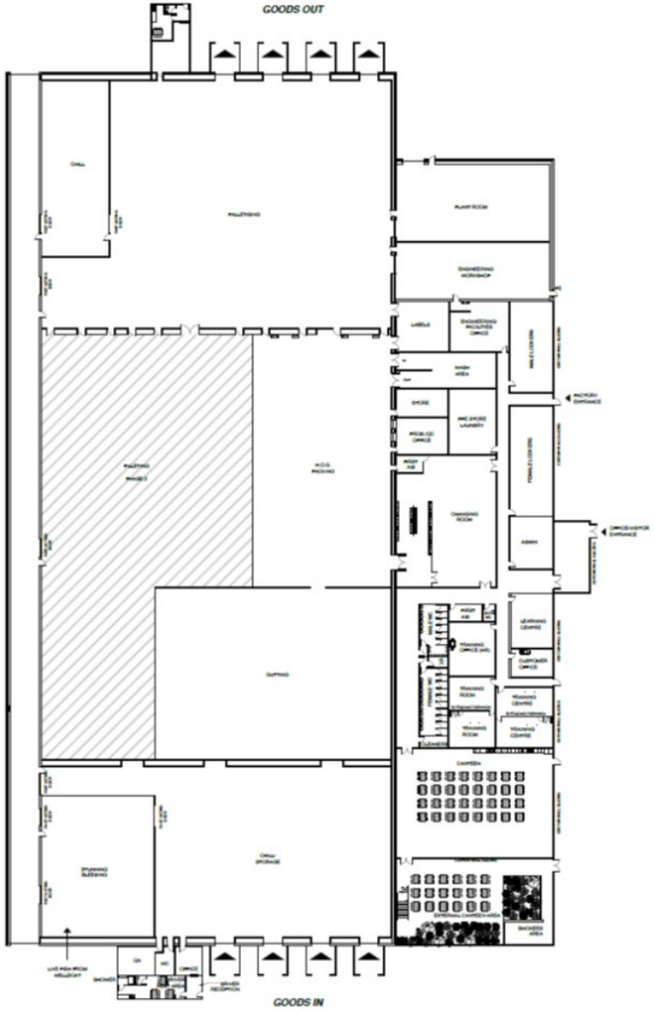
PROPOSED PROCESSING CHANGES IN SCOTLAND

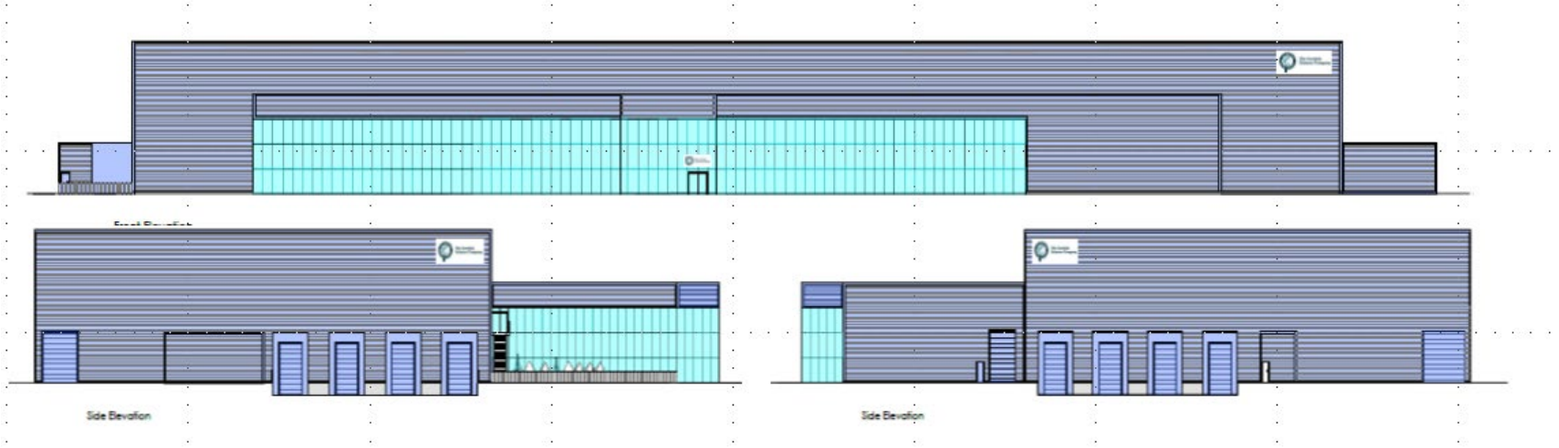


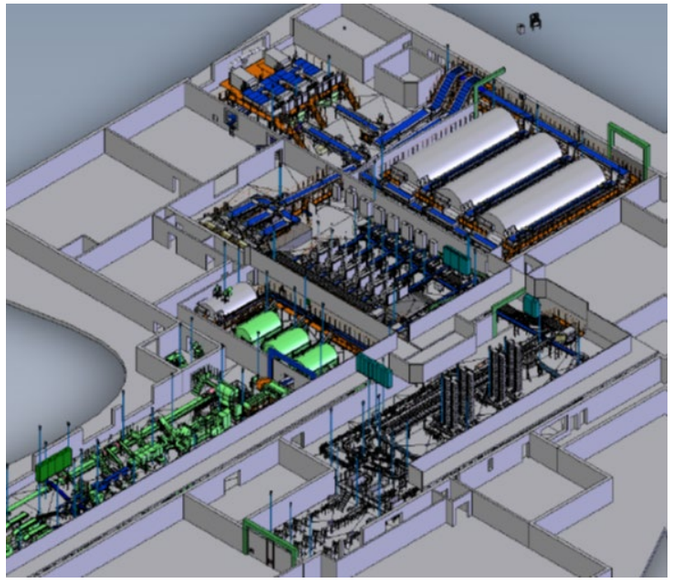
	Current	5 Yrs
HARVESTING	Manual process Up to 600 miles Limited chilling	**Minimal** handling **Reduce stress** increase quality **Fully integrated**
PROCESSING	Manual processes: Grading Icing & Packing Palletisation	**Highly automated**: Latest gutting technology High speed grading & packing Robotic Palletisation
SALES/MARKETING	1100 miles per day Unreliable road network	**600** miles per day **1 hour** to 'market' **Unrivalled freshness**

- Target new south location with:
  - Access to labour market
  - Close to markets
  - Shore side access

PROPOSED PROCESSING CHANGES IN SCOTLAND





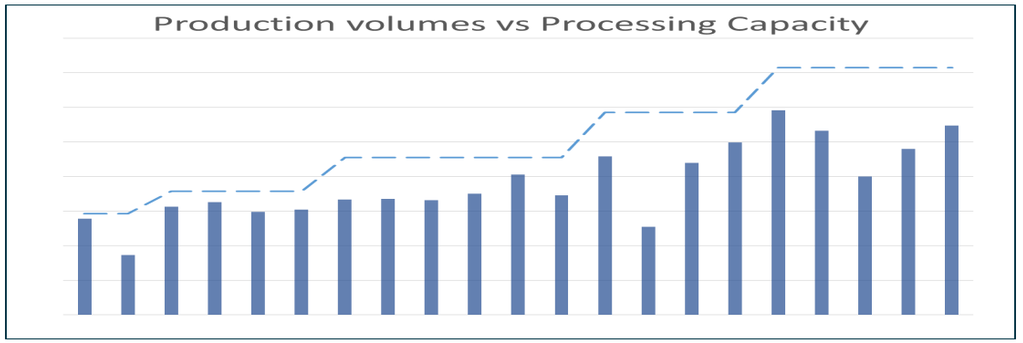


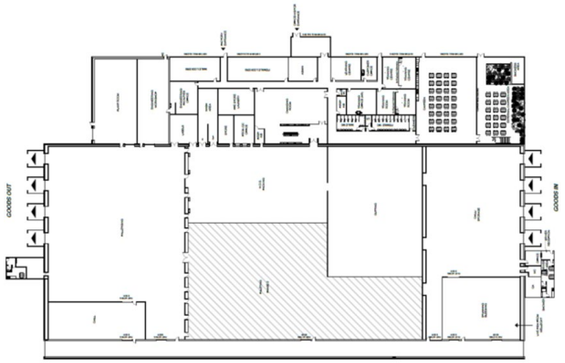
- **Highly automated quality focused processing**
  - Swim through harvest
  - Latest processing technology
  - Automated packing & palletisation
- **Scalable design to build capacity in line with business growth**
- **Unique pre-rigor fillets ensuring freshness to market**
- **Green energy opportunity**

EXPECTED OPERATIONAL OPPORTUNITIES

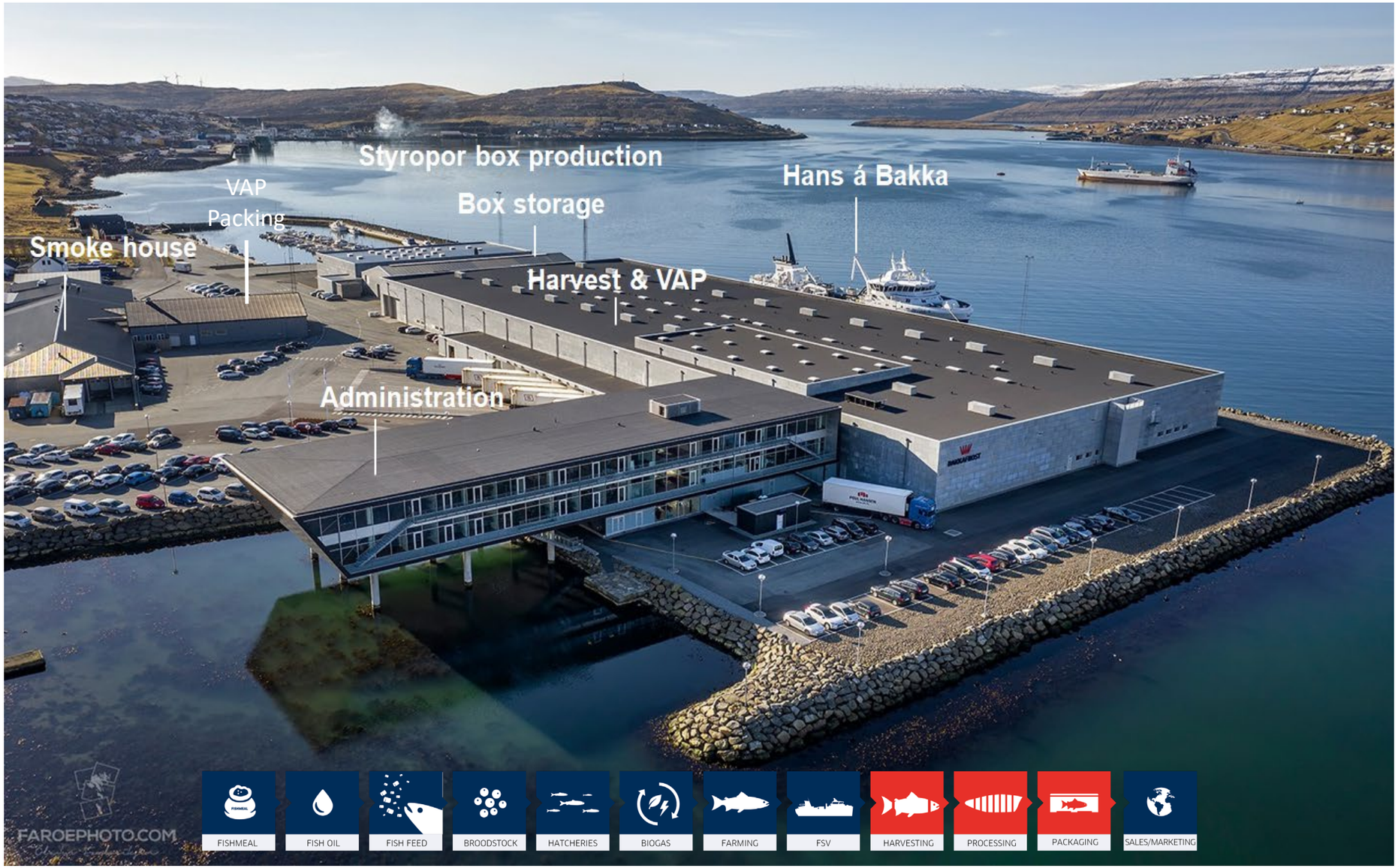
- Fully integrated processing facility based on Glyvrar
- Flexibility (capacity headroom)
  - React to Market
  - Contingency for marine events
  - Value retention through secondary processing
  - Access to labour
- Efficiency
  - Minimal fish handling
  - Maximised quality
  - Reduced man hours
  - Increased tonnage – 550te/day
- Transform
  - Access to markets
  - Pre rigor fillets – maximum freshness
- Target operational by 2024

Production volumes vs Processing Capacity

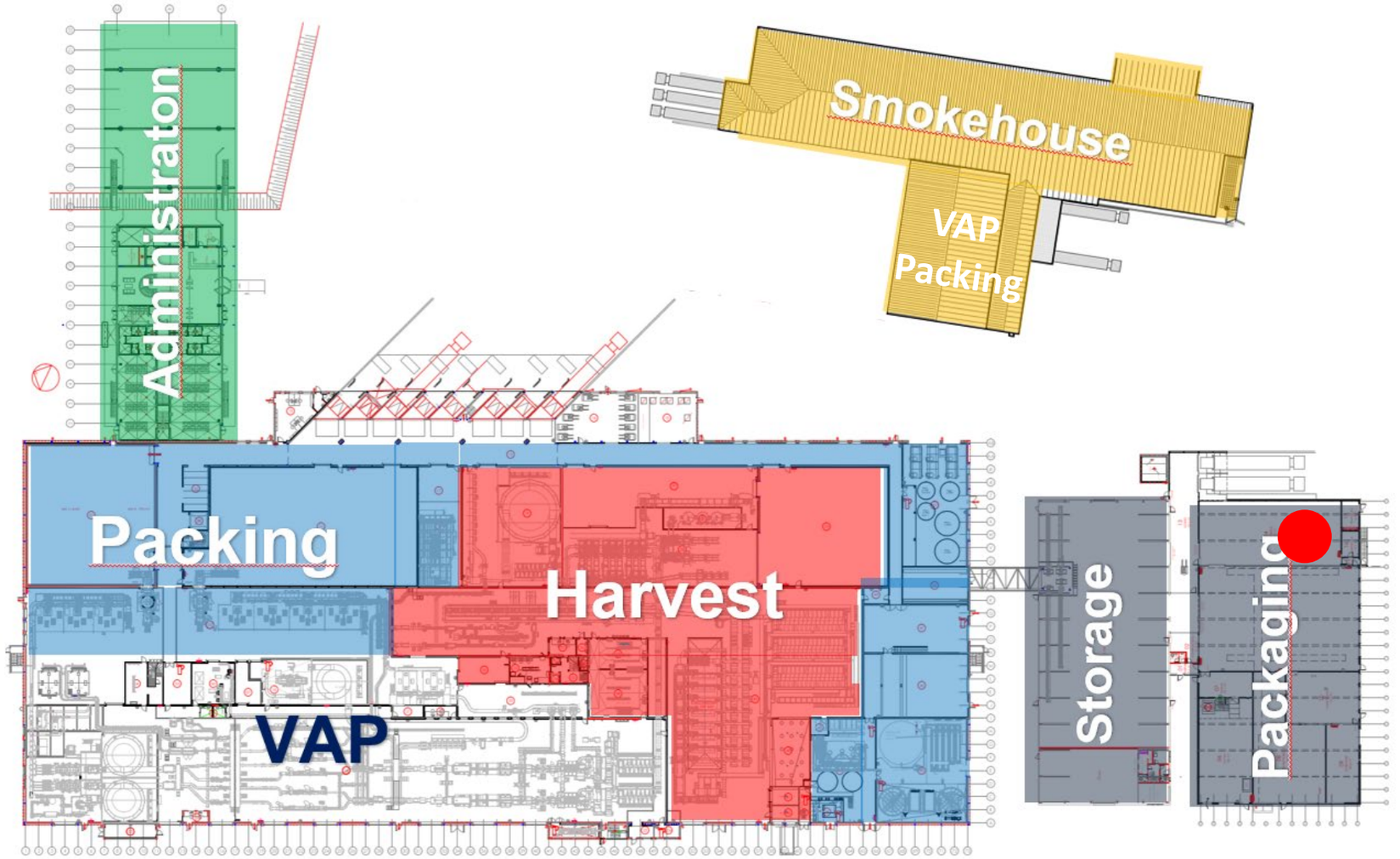




GLYVAR TOUR
OVERVIEW



GLYVAR TOUR
LAYOUT



Bakkafrost presentation

A world-class company in the salmon industry

Capital Markets Day – Consumer Trends

Faroe Islands 14 September 2021

Nordic consumers are reconsidering their health

Over 50%

of Nordic consumers claim to eat healthily all or most of the time

Yet, 25%

of Nordic consumers aspire to consume more nutritious food/drink over the next year

But: 3 in 5

Nordic consumers agree that there is too much conflicting information about what a healthy diet is

Base: *1,000 internet users aged 16+ per country*
Source: *Lightspeed/Mintel*

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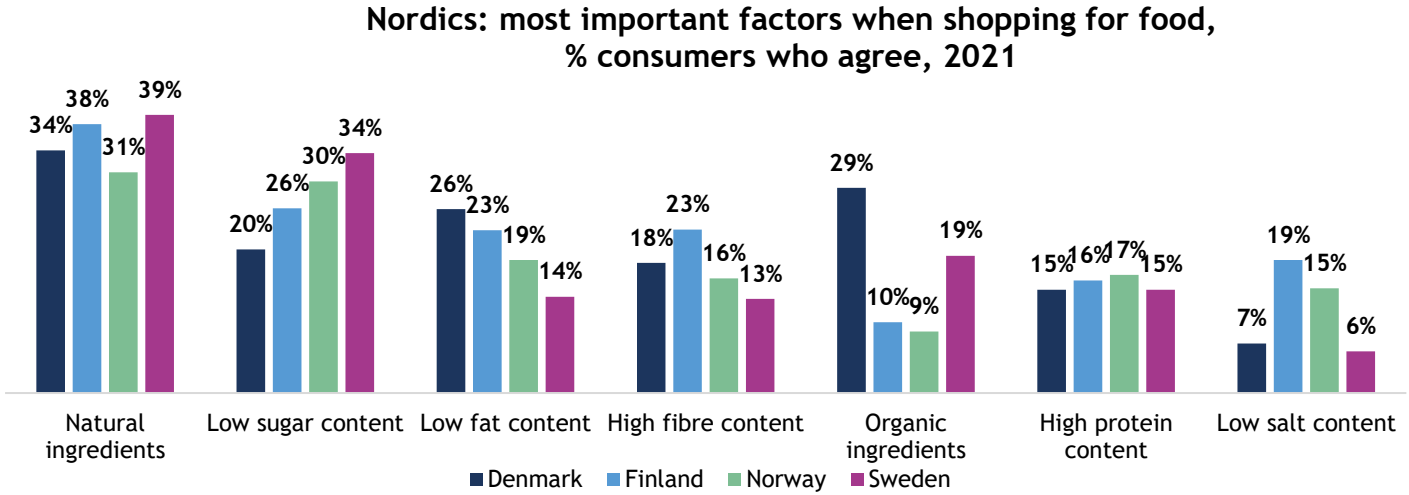
TASTY, HEALTHY & SUSTAINABLE

HIGH IN OMEGA-3
HEALTHY OMEGA-3 TO 6 RATIO
RICH ON VITAMIN D
HIGH LEVEL OF MARINE INGREDIENTS
NO ANTIBIOTICS
NON GMO (OGT/VLOG)
LABEL ROUGE
ASC
BAP
OPTIMAL NATURAL CONDITIONS
TOTALLY VERTICALLY INTEGRATED VALUE CHAIN
TWO ORIGINS

‘Natural’ and ‘low sugar’ are top health preferences in food & drink



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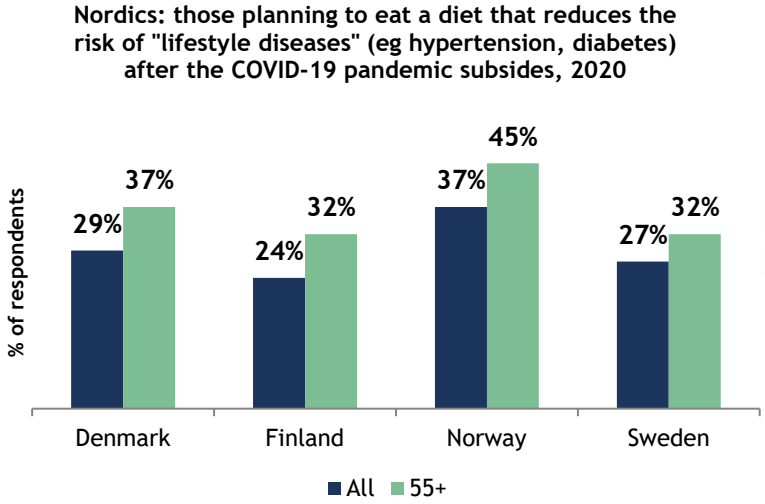
TWO ORIGINS

Beyond basic nutrition: COVID-19 fuels intentions to eat a diet that limits risk of lifestyle diseases



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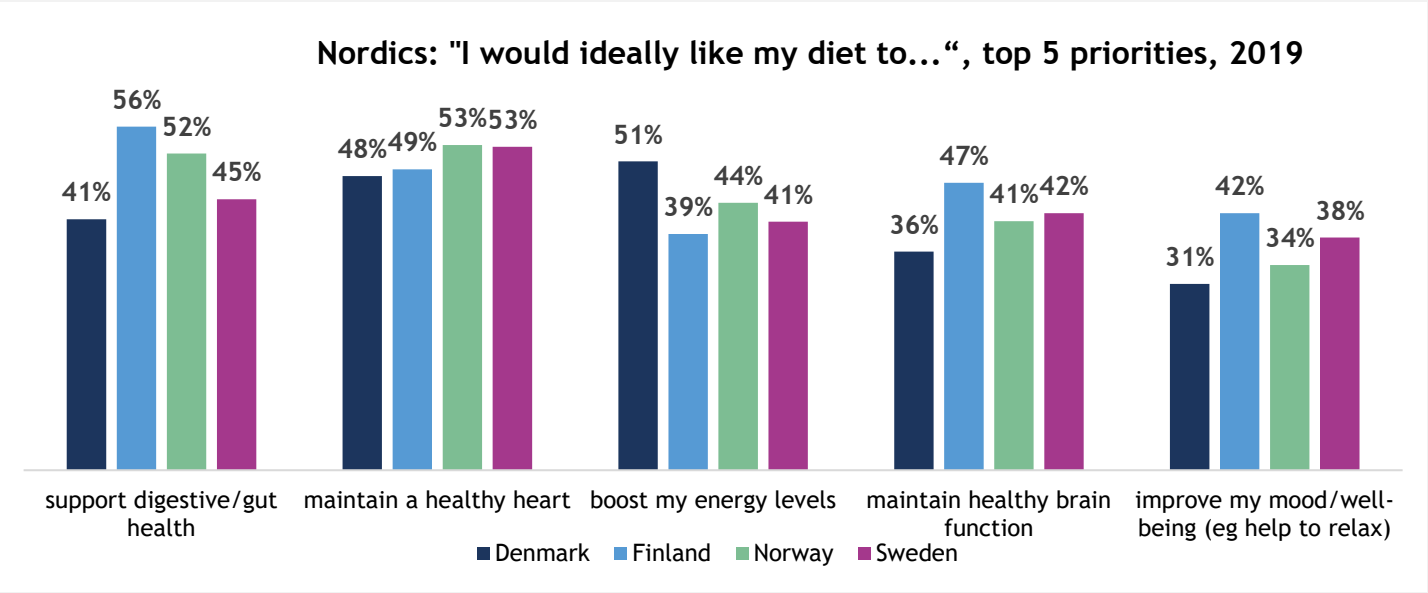
TWO ORIGINS

Nordic consumers would ideally like their diet to…



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TWO ORIGINS

Pandemic fuels interest in immune-boosting diets

Spotlighting 'genuine' immunity credentials has never been more timely. Less than 1% of food/drink launches in the Nordics over the past year featured immunity claims.

Tine Biola Lactose Free Skimmed Cultured Milk with Melon & Passionfruit is enriched with vitamin D, which is said to contribute to the normal function of immune system, Norway

Innocent Super Smoothie On Guard comprises a mix of pineapple, guava, orange and turmeric with added vitamins and “helps guard your immunity”, Sweden

49%

of Finnish adults have been prompted by the COVID-19 outbreak to include immune-boosting foods to their diets (e.g. fresh fruit, zinc-rich foods)

Base: *1,000 Finnish internet users aged 16+*
Source: *Lightspeed/Mintel, Mintel GNPD*

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TWO ORIGINS

Plant power: Nordic consumers strive to eat fewer animal products

<10%

of consumers across Nordic countries claim to be avoiding animal-derived food

over half

of the Nordic population claim to be limiting their meat intake

a third

of consumers in Norway, Sweden and Finland say that COVID-19 proves that humans need to eat fewer animals (Denmark: 24%)

***Base**: 1,000 internet users aged 16+ per country*
***Source**: Lightspeed/Mintel*

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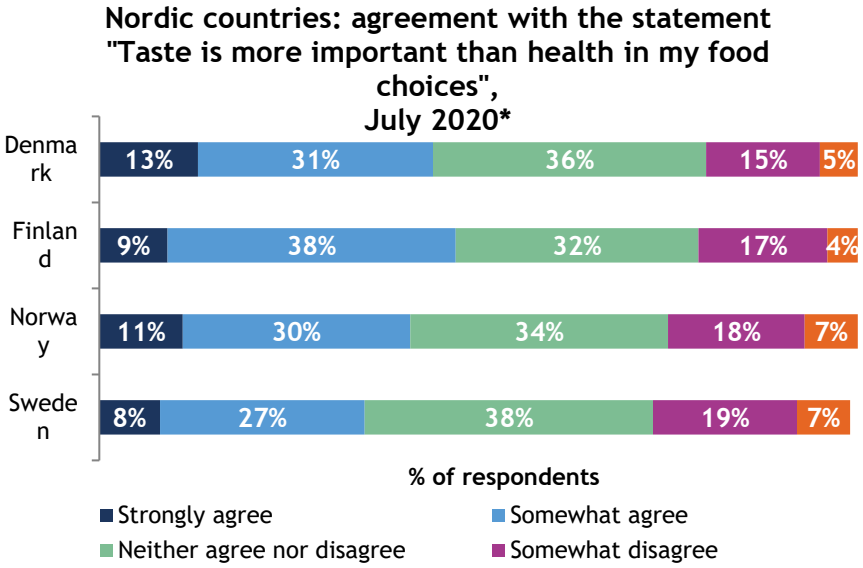
TWO ORIGINS

Taste 2.0: umami flavour for vegetable dishes

Orkla in Denmark launches an umami sauce to provide flavour for vegetable dishes



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TWO ORIGINS

Sustainability concerns disrupting shopping priorities

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TWO ORIGINS

Planet in crisis: brands must be part of the solution

7 in 10

consumers across Nordic countries say they try to act in a way that is not harmful to the environment

over half

of consumers across Nordic countries agree it is hard to know which factors have the most impact on the environment (eg food waste, reduced energy use)

~50%

of consumers across Nordic countries agree that companies/brands can be leaders in protecting the environment

Base: *1,000 internet users aged 16+ per country*
Source: *Lightspeed/Mintel*

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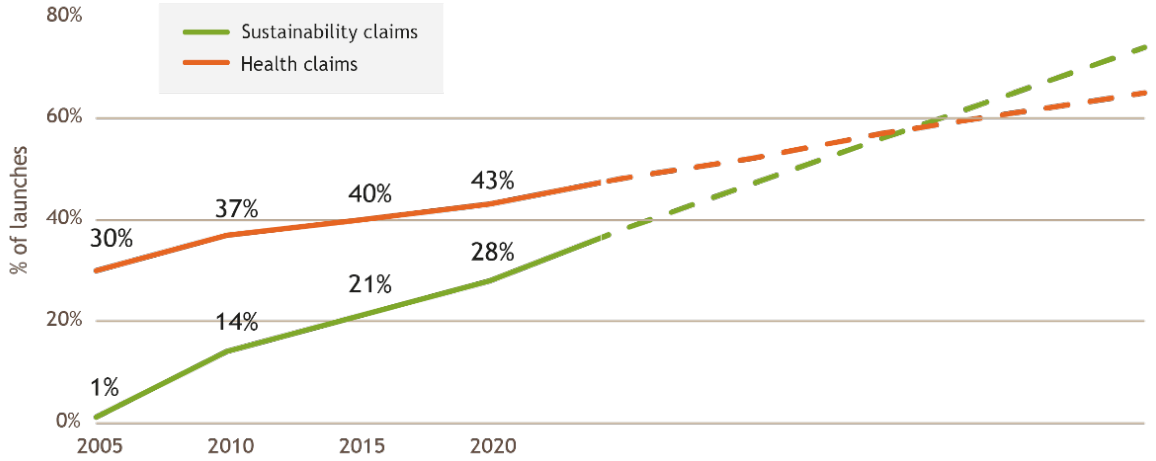
TWO ORIGINS

Sustainability will dominate the 2020s

Global: % of food and drink launches making health* or sustainability claims, by year, 2005-20



** for this analysis, health-related claims include functional, plus, minus, and natural claim categories on GNPD*
***Source:** Mintel GNPD (dotted lines are based on the continuation of current rates of growth)*

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TWO ORIGINS

Linking health and the environment is the way forward

Governments are reacting. Denmark recently updated its official dietary advice to consider not only health, but also the environment (Denmark)

Brands are reacting. Fazer have launched a range of "responsible" oat-based cooking sauces to add flavour to vegetarian and vegan foods. “What nature would feed you” (Finland)

Chefs are reacting. Norwegian chef Lise Finckenhagen promotes a "Weekly Planetary Health Menu“, including dishes such as vegetable tacos, grilled cod, and falafel wraps with hummus (Norway)

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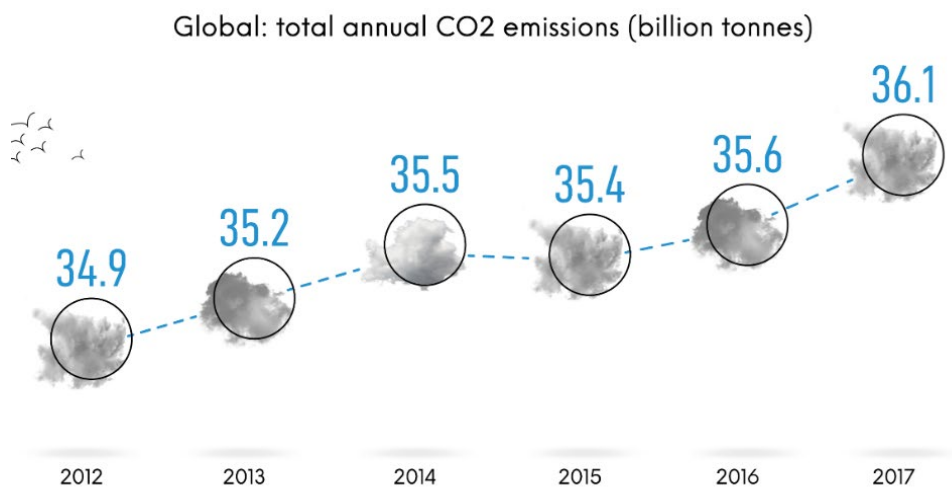
TWO ORIGINS

Climate change will drive the need to change



On average,

44%

of Nordic consumers say that climate change will have an effect on the foods/drinks they buy

Source: *Our World in Data*

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TOTALLY VERTICALLY INTEGRATED VALUE CHAIN

TWO ORIGINS

‘Climate anxiety’ calls for understandable carbon labelling

CO2 neutral, CO2 negative, CO2 positive: Climate-friendly labelling on food and drink is emerging but it lacks standardization and, often, clarity.

CO2 compensated (Sweden)

CO2 neutral (Denmark)

Climate positive (Finland)

Source: Mintel GNPD

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TWO ORIGINS

Nordic consumers seek local solutions

When surveyed during the pandemic, many consumers were turning to food and drink solutions from local producers and brands.

LOCALLY GROWN

32%

of Swedish consumers typically try to buy locally grown food all or most of the time

LOCAL BRANDS

30%

of Finnish consumers plan to support more local food/drink brands over the next 12 months

Totensupper Sweet Potato and Carrot Soup is described as **local, short-distance travelled** and healthy food that comes straight from the farmer (Norway)

Base: *1,000 internet users aged 16+ per country in Sweden, Finland*
Source: *Lightspeed/Mintel, Mintel GNPD*

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TWO ORIGINS

Upcycling as a way to food waste reduction

A third of Swedish and Finnish**, 37%** of Danish and **43%** of Norwegian consumers say, after the COVID-19 pandemic subsides, they'll try to plan meals ahead to make use of all ingredients and avoid waste.

In Sweden, Karma connects surplus food from restaurants and grocery stores with hungry consumers via the Karma app.

Rema 1000 Stop Madspild Daloon Odd Sized Vegetable Mini Spring Rolls comprise discarded and imperfect in appearance vegetable spring rolls that would not have been sold, in order to minimize food waste, Denmark

Svenska Sea Salt Root Vegetable Chips are made with rescued beetroot, carrots and parsnips, and are said to be part of the food waste revolution, Sweden

Base: *1,000 internet users aged 16+ per country*
Source: *Lightspeed/Mintel, Mintel GNPD*

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HIGH LEVEL OF MARINE INGREDIENTS
NO ANTIBIOTICS
NON GMO (OGT/VLOG)
LABEL ROUGE
ASC
BAP
OPTIMAL NATURAL CONDITIONS
TOTALLY VERTICALLY INTEGRATED VALUE CHAIN
TWO ORIGINS

Plastic packaging under high scrutiny, but COVID-19 sparks more reasonable debate over its benefits

Consumers want less plastic

3 in 5

of consumers across Nordic markets think brands should reduce the amount of plastic packaging they use

Base: *1,000 internet users aged 16+ per country*
Source: *Lightspeed/Mintel*

BAKKAFROST
ESTABLISHED 1968

TASTY, HEALTHY & SUSTAINABLE

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TWO ORIGINS

Plastic reduction through thoughtful design

Tine Organic Milk:
The new pack is **lighter in weight having one less layer, it does not have a screw cap**, **contains less plastic**, and causes lower carbon footprint than common carton, Norway

Lantmännen Durum Wheat Hot Dog Buns now feature **21% less plastic**, **which is said to save 60 tonnes of plastic annually**, and 121 tonnes CO2 emissions, Sweden

Source: Mintel GNPD

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TWO ORIGINS

Recycling presents an acceptable solution

Consumers are putting the responsibility for recycling squarely on the shoulders of brand owners.

61%

of Swedish consumers say food and drink brands should use packaging that can be recycled

56%

of Finnish consumers say food and drink brands should use more recycled material when making packaging

45%

of Danish consumers say food and drink brands should make it easier to recycle their packaging

Base: *1,000 internet users aged 16+ per country in Sweden, Finland, Denmark*
Source: *Lightspeed/Mintel*

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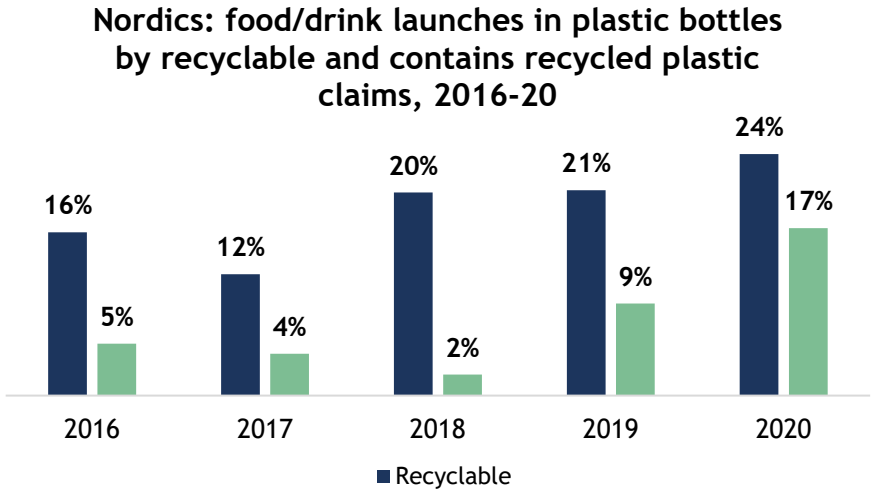
TWO ORIGINS

Closing the loop: use of recycled plastic sees huge jump in claims



Coop Unfiltered Apple Must has been repackaged in a 1L pack made from 50% recycled plastic, Denmark

Source: Mintel GNPD

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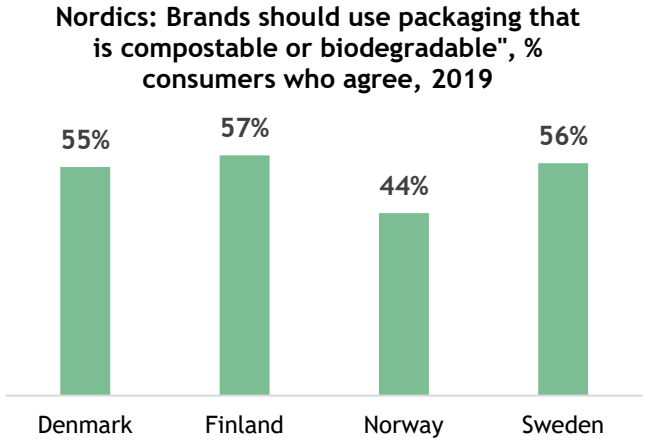
TOTALLY VERTICALLY INTEGRATED VALUE CHAIN

TWO ORIGINS

Consumers look to brands for alternative solutions

In the longer run, brands will have to **come up with suitable alternatives to plastic that have same or similar advantages** (light weight, inexpensive production, protecting the product and holding it fresh).



Chew Folk Peppermint Natural Chewing Gum retails in a 100% biodegradable pack: ***"You're never too small to make a difference, said the plastic-free chewing gum"***, Sweden

Base: *1,000 internet users aged 16+ per country*

Source: *Lightspeed/Mintel, Mintel GNPD*

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Bakkafrost presentation
A world-class company in the salmon industry

Capital Markets Day – Sustainability

Faroe Islands 14 September 2021

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SUSTAINABILITY
EMBEDDED DEEPLY IN EVERYTHING WE DO

HEALTHY LIVING

4th Annual Sustainability Report is available on our website

HEALTHY LIVING PLAN
HIGH LEVEL OVERVIEW

	Healthy Business	Healthy People	Healthy Salmon	Healthy Environment	Healthy Communities
STRATEGIC PRIORITY	To grow efficiently and responsibly	To be a preferred employer	To exceed leading standards	To minimise our environmental impact	To create shared value
2020 PERFORMANCE AGAINST OUR 2020 COMMITMENTS	• Have zero cases of noncompliance ● • Have customer net promoter score (NPS) of 9 out of 10 or above ● • Invest in a new biogas plant ● See page 22 for more details	• Renew our employee strategy ● • Launch an employee engagement survey ● • Have zero fatalities ● See page 28 for more details	• Maintain our high omega-3 levels ● • Maintain high customer satisfaction with product quality ● • Reduce fish mortality to 6% ● • Have ASC certification across all sites (end of 2020 GSI goal) ● • Further develop and implement non-medicinal treatments with high focus on fish welfare ● • Have zero fish escapes ● See page 40 for more details	• Further optimise feed distribution ● • Continue phasing out copper-treated nets ● • Implement a sustainable feed policy ● See page 54 for more details	• Set up a new 'Healthy Living' Func ● • Implement stakeholder engagement plan ● • Implement a new community investment plan ● See page 68 for more details
2023 GOALS	• Have zero cases of non-compliance • Actively engage customers in waste reduction • Maintain high NPS and customer satisfaction with quality scores • Update procurement policy and supplier code of conduct • Influence the improvement of aquaculture practices • Extend ISO9001 standard certification • Focus on producing salmon from own unique breed	• Have industry-leading employee engagement scores • Launch internal sustainable behavior campaign • Maintain gender diversity in senior positions • Reduce absence rate by 10% • Become certified against ISO45001 standard • Reduce LTA to zero • Have zero fatalities	• Increase smolt size to 500g • Maintain our high omega-3 levels • Zero antibiotica use • Maintain salmon survival rate at 94% or above • Increase research to optimise fish welfare and product quality • Maintain industry leading approach to animal welfare • Maintain ASC certification, BAP certification or similar for all Bakkafrost salmon	• By 2030 reduce by 50% the scope 1 & 2 CO2 footprint in the Faroes • Continue research into sustainable feed ingredients • Investigate new sustainable marine sources for fishmeal • Optimise feed strategy to maintain industry leading FCR • Achieve ISO14001 environmental standard certification in the Faroe Islands, already in place in Scotland • Zero fish escapes • Measurably reduce environmental impact from packaging • Explore innovative waste streams at the new biogas plant • Over 97% water recirculation rate in hatcheries	• Actively educate key stakeholders on the benefits of salmon aquaculture • Increase collaboration with key stakeholders to achieve the Healthy Living Plan • Increase transparency on local value creation • Continue 10m DKK 3yr investment in Healthy Living Fund in the Faroe Islands • Continue investment in Community Fund in Scotland
SDGs	• SDG 2 Zero Hunger • SDG 7 Affordable and Clean Energy • SDG 8 Decent Work and Economic Growth • SDG 9 Industry, Innovation, and Infrastructure	• SDG 5 Gender Equality • SDG 8 Decent Work and Economic Growth	• SDG 2 Zero Hunger • SDG 6 Clean Water and Sanitation • SDG 14 Life Below Water • SDG 17 Partnerships for the Goals	• SDG 6 Clean Water and Sanitation • SDG 7 Affordable and Clean Energy • SDG 9 Industry, Innovation, and Infrastructure • SDG 12 Responsible Consumption and Production • SDG 13 Climate Action • SDG 14 Life Below Water • SDG 15 Life on Land	• SDG 8 Decent Work and Economic Growth • SDG 17 Partnerships for the Goals

HEALTHY LIVING PLAN
MOST OF OUR 2020 COMMITMENTS HAVE BEEN MET

HEALTHY LIVING

Bakkafrost is on track and have met **15 of 18** of our 2020 commitments

	Healthy Business	Healthy People	Healthy Salmon	Healthy Environment	Healthy Communities
STRATEGIC PRIORITY	To grow efficiently and responsibly	To be a preferred employer	To exceed leading standards	To minimise our environmental impact	To create shared value
2020 PERFORMANCE AGAINST OUR 2020 COMMITMENTS	• Have zero cases of noncompliance ● • Have customer net promoter score (NPS) of 9 out of 10 or above ● • Invest in a new biogas plant ●	• Renew our employee strategy ● • Launch an employee engagement survey ● • Have zero fatalities ●	• Maintain our high omega-3 levels ● • Maintain high customer satisfaction with product quality ● • Reduce fish mortality to 6% ● • Have ASC certification across all sites (end of 2020 GSI goal) ● • Further develop and implement non-medicinal treatments with high focus on fish welfare ● • Have zero fish escapes ●	• Further optimise feed distribution ● • Continue phasing out copper-treated nets ● • Implement a sustainable feed policy ●	• Set up a new 'Healthy Living' Fund ● • Implement stakeholder engagement plan ● • Implement a new community investment plan ●
	See page 22 for more details	See page 28 for more details	See page 40 for more details	See page 54 for more details	See page 68 for more details

HEALTHY LIVING PLAN
OUR 2023 COMMITMENTS

HEALTHY LIVING

	Healthy Business	Healthy People	Healthy Salmon	Healthy Environment	Healthy Communities
STRATEGIC PRIORITY	To grow efficiently and responsibly	To be a preferred employer	To exceed leading standards	To minimise our environmental impact	To create shared value
2023 GOALS	• Have zero cases of non-compliance • Actively engage customers in waste reduction • Maintain high NPS and customer satisfaction with quality scores • Update procurement policy and supplier code of conduct • Influence the improvement of aquaculture practices • Extend ISO9001 standard certification • Focus on producing salmon from own unique breed	• Have industry-leading employee engagement scores • Launch internal sustainable behavior campaign • Maintain gender diversity in senior positions • Reduce absence rate by 10% • Become certified against ISO45001 standard • Reduce LTA to zero • Have zero fatalities	• Increase smolt size to 500g • Maintain our high omega-3 levels • Zero antibiotica use • Maintain salmon survival rate at 94% or above • Increase research to optimise fish welfare and product quality • Maintain industry leading approach to animal welfare • Maintain ASC certification, BAP certification or similar for all Bakkafrost salmon	• By 2030 reduce by 50% the scope 1 & 2 CO2 footprint in the Faroes • Continue research into sustainable feed ingredients • Investigate new sustainable marine sources for fishmeal • Optimise feed strategy to maintain industry leading FCR • Achieve ISO14001 environmental standard certification in the Faroe Islands, already in place in Scotland • Zero fish escapes • Measurably reduce environmental impact from packaging • Explore innovative waste streams at the new biogas plant • Over 97% water recirculation rate in hatcheries	• Actively educate key stakeholders on the benefits of salmon aquaculture • Increase collaboration with key stakeholders to achieve the Healthy Living Plan • Increase transparency on local value creation • Continue 10m DKK 3yr investment in Healthy Living Fund in the Faroe Islands • Continue investment in Community Fund in Scotland

OUR SUSTAINABILITY CHALLENGE
MORE FOOD PRODUCTION FROM THE OCEAN IS NEEDED

The world faces some of its greatest challenges ever

- By **2050**, our planet will have about **9.7** billion inhabitants - around **25 percent** more than we are today

- By 2050, **world food production** needs to **double**, but arable land is declining and arable land in the tropical regions in particular is becoming more and more depleted

- We need to produce as much food in the next 40 years, as we have in the last 8,000!

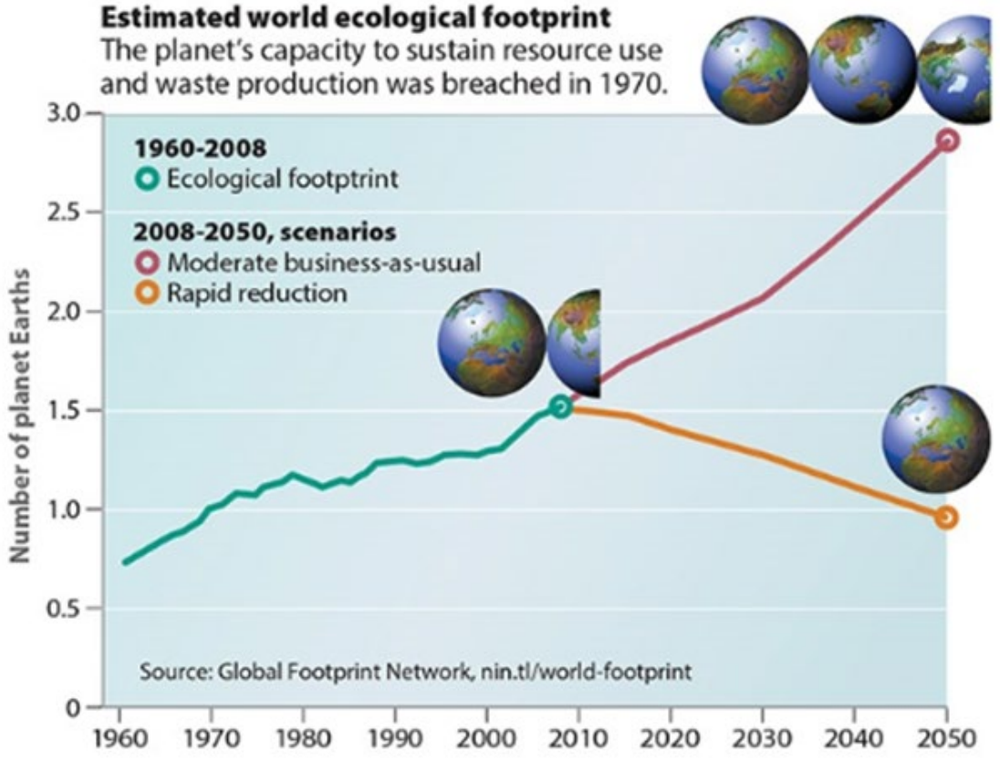
MORE SUSTAINABLY PRODUCED FOOD NEEDS TO BE SOURCED FROM THE OCEAN

OUR SUSTAINABILITY CHALLENGE
CO2 IS THE BIGGEST THREAT

- The biggest threat to the earth is **CO2 and other greenhouse gases**, gases that we produce through our consumption. As consumption increases, the amount of greenhouse gases produced increases, affecting global warming and leading to climate change.

- The total amount of CO2 we emit has increased by **36%** since 1979.

- **Opportunities** for people and businesses as we take care of the challenges

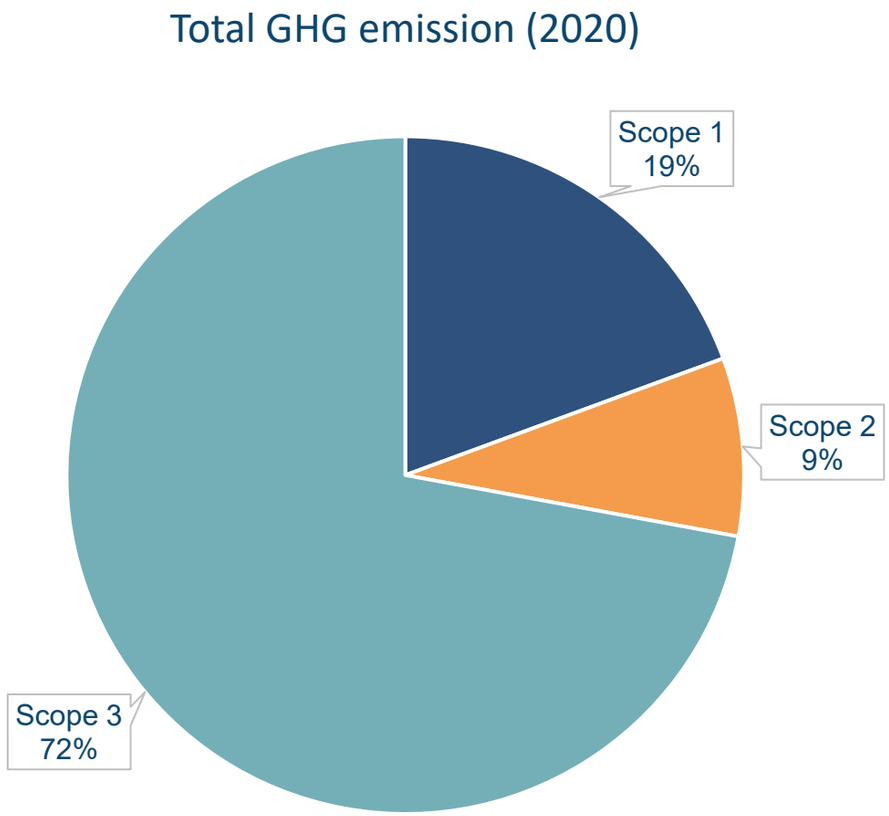


BAKKAFROST'S TOTAL GHG EMISSION BY SCOPE

REDUCING GHG EMISSION IS ONE OF THE MAIN CHALLENGES

Bakkafrost's **scope 1 & 2** emissions account for **28%** of the total GHG emissions.

Scope 3 emissions account for **72%** of Bakkafrost's emissions



GROWING WHILE REDUCING OUR SCOPE 1 & 2 FOOTPRINT

50% REDUCTION IN THE FAROES BY 2030

By 2030 reduce the scope 1 & 2 CO2 footprint by 50% in the Faroes

- Our aim is to **decouple carbon emissions** from our production, and we have managed to achieve this in some parts of the value chain – through **electrification** in areas such as feed barges, **recycling of energy** (at our hatcheries and feed and processing factories), etc.
- The biogas plant is expected to save **11,000 tonnes of CO2 emissions** a year which represent about **2 %** of the total electric power produced in the Faroe Islands in 2020.
- We plan to have our targets approved by the **Science Based Target initiative (SBTi)** by early 2022

Building the green way

Energy efficiency is a design criteria

Bakkafrost HQ

Strond Hatchery

Applecross Hatchery

Own production of renewable energy

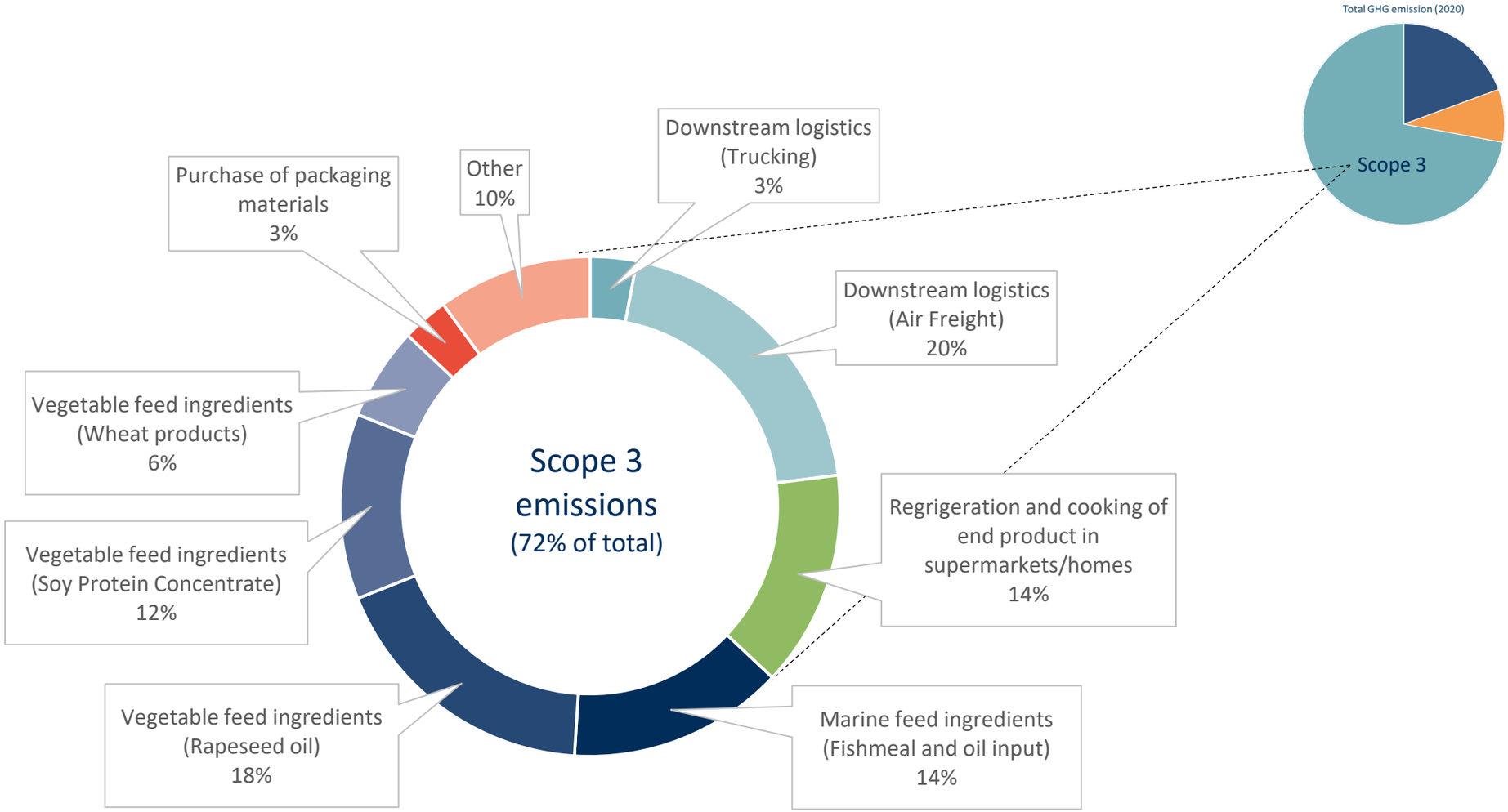
Our biogas plant produces renewable energy from organic waste from our hatcheries

Electrification and flexible fuel options

Barges, boats, vessels, hatcheries etc.

SCOPE 3 EMISSION ACCOUNTS FOR 72% OF TOTAL EMISSION

AIR FREIGHT, MEAL-OIL-FEED PRODUCTION AND CUSTOMER BEHAVIOUR BIGGEST SUB-CATEGORIES

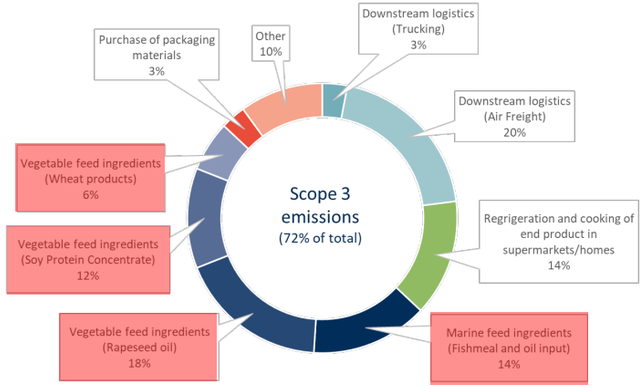


Feed ingredients account for 50% of the Scope 3 emissions

FISH MEAL, OIL AND FEED INGREDIENTS
BENEFICIAL FOR EMISSION, FISH WELFARE AND FEED EFFICIENCY

High marine inclusion in feed – with relative low carbon footprint

Bakkafrost has chosen to continue a high inclusion of marine content in our feed, as this is a more sustainable approach for our operations given our location.

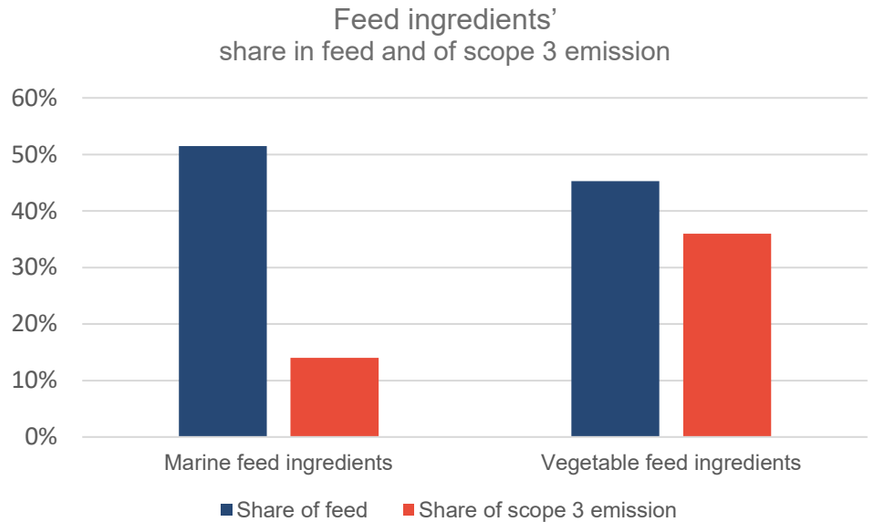


Marine ingredients

Fisheries in the North Atlantic, primarily within Faroese waters, transparent supply chain, low demand on freshwater and land compared to imported plant proteins, reduced transportation, supporting circular economy, all off cuts purchased in the Faroes Island, positive economic impact for the Faroese community, increased nutritional value in the feed, high in omega 3 & fishmeal with a diet closer to the natural diet of wild salmon Low FCR, Good fishhealth.

Plant ingredients

The plant proteins and oils in our feed are all non-GMO, all soybeans are Pro-Terra certified and we do not use of palm oil

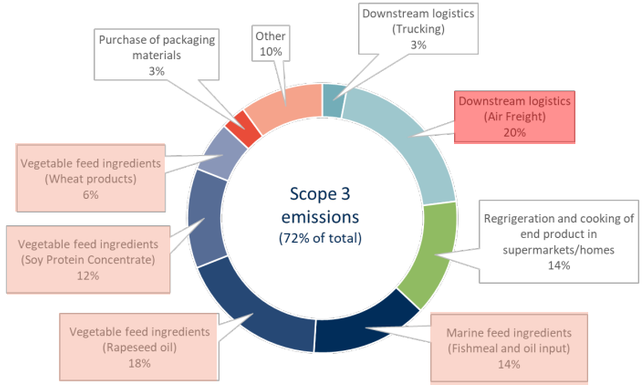


AIR FREIGHT

REDUCE CO2 EMISSION BY CONTROLLING AIR FREIGHT THROUGH OWN CARGO PLANE

Taking control of air freight

- Air Freight accounts for 20% of the scope 3 emissions
- Reduction in CO2 emissions by 40-50%
- Reduce weight of air-freight by
  - reduce flown ice
  - fly less whole salmon
- Direct transport, shorter flight distance
- More control
- Increased responsiveness, faster delivery
- Longer shelf life, enables reduced food waste



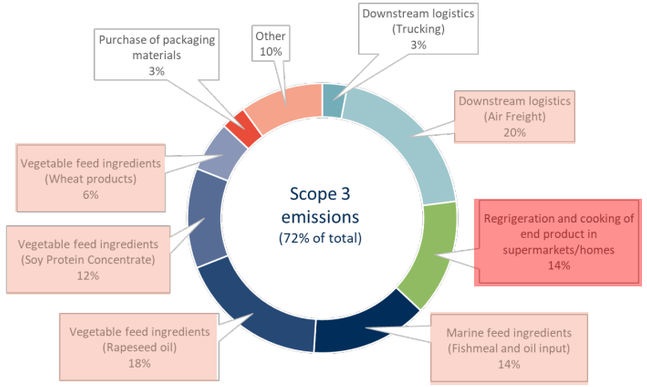
CUSTOMER AND CONSUMER BEHAVIOUR
ENGAGING WITH OUR CUSTOMERS

Reducing the scope 3 emission via consumer behaviour.

We will help make sustainable decision-making easier for consumers by adding environmental data, CO2e pr kg product, available on our packaging.

In cooperation with our customers we want to increase the demand for sustainable salmon and support the shift to a more environmental friendly diet, e.g. our new salmon burger.

Develop more recipes with low carbon cooking methods and recipes with a lower total amount of CO2.



By replacing a traditional burger with a salmon burger, you can cut around 75% of your carbon footprint.

Source: Unilever Food Solutions, CO2 beregner

CUSTOMER AND CONSUMER BEHAVIOUR

THE 80/20

The **wealthiest 20 per cent** of the world's population account for **80 per cent of consumption** of global resources

Source: WWF Sweden

CUSTOMER AND CONSUMER BEHAVIOUR

RELATIVELY SMALL CHANGES CAN HAVE A HUGE IMPACT

Breakfast:

2 pieces of bread with cheees per day	**250 kg**
A bowl with oatmeal and oatmilk per day	**60 kg**

Travel:

A roundtrip to Thailand	**2500 kg**
Roundtrip by flight Nordics – France (2400 km)	**300 kg**
Roundtrip by bus Nordics – France (3000 km)	**60 kg**

Source: Climate Call, Chalmers University of Technology, Sweden.

CUSTOMER AND CONSUMER BEHAVIOUR

DK EXAMPLE - FOOD AND DRINK CONSTITUTES A SIGNIFICANT PORTION OF CO2 EMISSION

An average Danish household have one of the highest carbon footprints in Europe, around **12 tons CO2** per year.

Distributed on:

Travel 1 tons,
Services 1 tons,
Food & drink 3 tons,
Electricity, heat, etc. 3 ton,
Shopping 4 tons

Worlds total average around **6 tons**.

According to UN the average emissions **need** to be down to **2 tons per** person by **2050** (4 tons by 2030)

Source: UN & Hvad kan man selv gøre? | CONCITO

CUSTOMER AND CONSUMER BEHAVIOUR
FROM COUNTING CALORIES TO COUNTING CARBON DIOXIDES

Pumpkin soup **~ 0,5 kg CO2e**

Stew with salmon or chicken **~ 0,7 kg CO2e**

Ground beef steak with potatoes and gravy **~ 2,5 kg CO2e**

200g Fillet steak with chips and bearnaise sauce **~ 5,0 kg CO2e**

CUSTOMER AND CONSUMER BEHAVIOUR
WATER

Only **0.5%** of the earth's water is available fresh water.

Globally **70%** of freshwater is used for agriculture.

With a growing population we all need to share this small amount of freshwater.

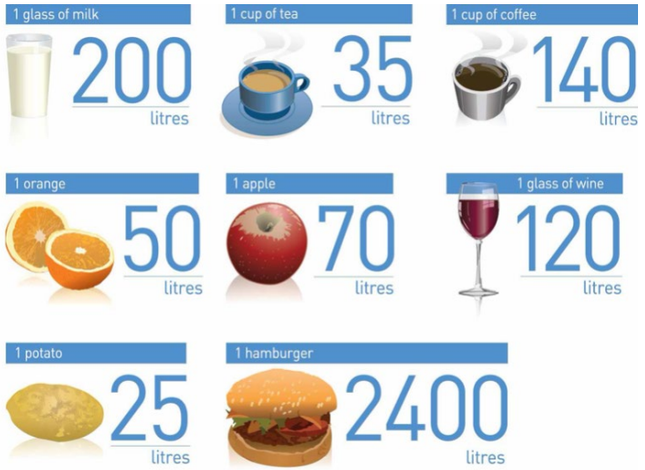
1 person drinks

2 to 4 liter of water per day

1 person eats

2,000 to 5,000 liters

of virtual water embedded in food per day



Source: FAOWATER www.fao.org/nr/water

CUSTOMER AND CONSUMER BEHAVIOUR
WATER

ROASTED PORK

1,200 litres

CARROT SOUP

65 litres

TOMATO AND CHESE SALADE

418 litres

BOLOGNESE

1,830 litres

SALMON

340 litres

STEAK

3,000 litres

BEANS

1,000 litres

CHICKEN

865 litres

NOODLES WITH VEGETABLES

600 litres

Source: Menu.pdf (waterfootprint.org)

CUSTOMER AND CONSUMER BEHAVIOUR

FARMED SALMON IS A VERY RESOURCE EFFICIENT ALTERNATIVE FOR HEALTHY PROTEIN

HEALTHY LIVING

Kg CO2e

Carbon Footprint	Lowest	
Land Use	Lowest	
Feed Conversion	Highest	
Water Footprint	Lowest	
Edible Yield	Highest	
Protein	2nd highest	Highest
Omega 3	Highest	
Vitamin D	Hightest	

NET ZERO BY 2050

Bakkafrost group commits to reach **Net Zero** greenhouse gas emissions by **2050**

CREATING A SUSTAINABLE FUTURE

4 ESG 100 ranking

Norsk Hydro	A+	Kongsberg Automotive	B	Fjordkraft Holding	D
Yara International	A+	Kværner	B	Norwegian Air Shuttle	D
Aker Solutions	A	Norske Skog	B	Norwegian Finans Holding	D
Borregaard	A	Norwegian Property	B	Ocean Yield	D
Entra	A	Shelf Drilling	B	Sbanken	D
Equinor	A	SpareBank 1 Nord-Norge	B	Selvaag Bolig	D
Europris	A	SpareBank 1 SMN	B	SpareBank 1 Ringerike Hadeland	D
Gjensidige Forsikring	A	Sparebanken Vest	B	SpareBank 1 Østfold Akershus	D
Grieg Seafood	A	Subsea 7	B	Sparebanken Møre	D
Mowi	A	TietoEVRY	B	Axactor	E
Orkla	A	XXL	B	B2Holding	E
Scatec Solar	A	Golden Ocean Group	B-	Bonheur	E
Telenor	A	Norway Royal Salmon	B-	Bouvet	E
Aker BP	A-	Wilh. Wilhelmsen Holding	B-	Crayon Group Holding	E
Atea	A-	Avance Gas Holding	C	DNO	E
Bakkafrost	A-	Borr Drilling	C	Medistim	E
DNB	A-	BW LPG	C	Norwegian Energy Company	E
Kongsberg Gruppen	A-	FLEX LNG	C	NTS	E
Lerøy Seafood Group	A-	Frontline	C	Olav Thon Eiendomsselskap	E
Nordic Semiconductor	A-	Hexagon Composites	C	PCI biotech	E
SalMar	A-	NRC Group	C	Protector Forsikring	E
Schibsted	A-	Odfjell Drilling	C	RAK Petroleum	E
SpareBank 1 Østlandet	A-	PGS	C	Salmones Camanchaca	E
Storebrand	A-	SATS	C	Self Storage Group	E
TGS-NOPEC Geophysical Company	A-	SpareBank 1 BV	C	Solon Eiendom	E
Veidekke	A-	Stolt-Nielsen	C	VoW (Scanship Holding)	E
Elkem	B+	Tomra Systems	C	Komplett Bank	F
SpareBank 1 SR-Bank	B+	Wallenius Wilhelmsen	C	NEL	F
Adevinta	B	Aker	D	Northern Drilling	F
AF Gruppen	B	AKVA Group	D	Otello Corporation	F
Akastor	B	Arcus	D	Pareto Bank	F
Austevoll Seafood	B	Arendals Fossekompani	D	Treasure	F
BW Offshore Limited	B	Data Respons	D		
Höegh LNG Holdings	B	Fjord1	D		

Bakkafrost presentation
A world-class company in the salmon industry

Capital Markets Day – New Technology

Faroe Islands 14 September 2021

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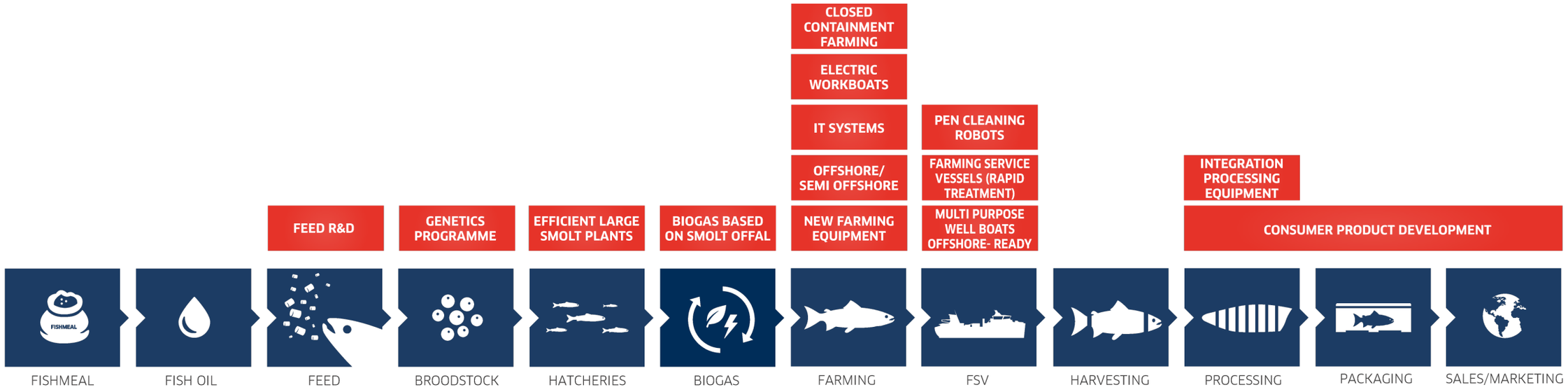
NEW TECHNOLOGY
EXAMPLES OF R&D ACTIVITIES WITHIN BAKKAFROST



NEW TECHNOLOGY
KEY AREAS OF DEVELOPMENT IN FARMING TECHNOLOGY

- Output from conventional farming constrained due to mix of biological and environmental factors
- Strong industry profitability has incentivised search for alternative production methods
- R&D licences issued in Norway contain mechanisms largely offsetting risks arising from trial of new concepts
  - Offshore and semi offshore projects
  - Closed and semi closed production in conventional areas
- Stand alone off-shore projects in China
  - Limited information available
- Land based projects based on recirculation aquaculture systems (RAS) with application for
  - Production of larger smolt for convectional aquaculture
  - Integrated land based production

NEW TECHNOLOGY
ILLUSTRATION OF POSSIBLE APPLICATION

Example semi off-shore location

Example 500g smolt facility

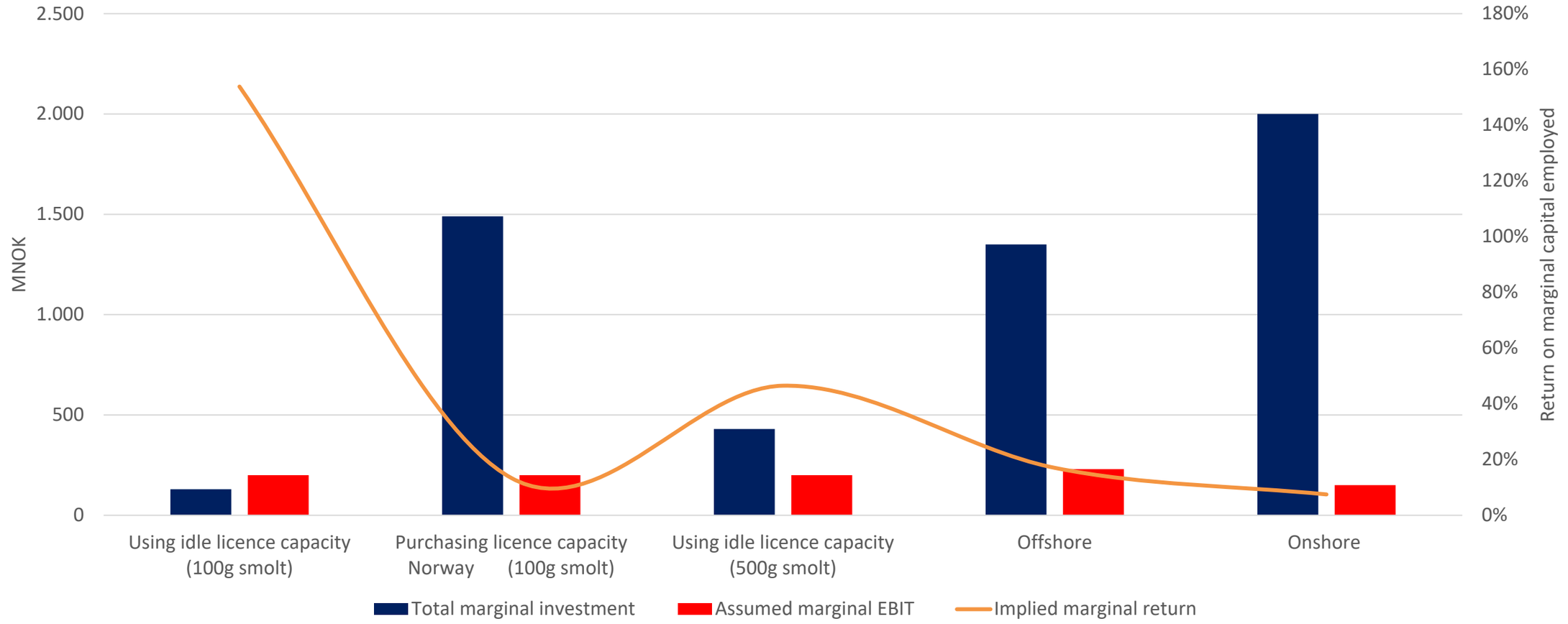
Example conventional location

Example closed containment location

Example off-shore location

NEW TECHNOLOGY
ILLUSTRATIVE COMPARISON ALTERNATIVE FARMING METHODS

ILLUSTRATIVE EXAMPLE OF RETURNS



Note: Bakkafrost takes no responsibility for the accuracy or correct interpretation of the collected estimates listed above.
The purpose of the table is to generally illustrate return dynamics of projects requiring larger capital investments.

NEW TECHNOLOGY
ILLUSTRATIVE COMPARISON ALTERNATIVE FARMING METHODS

Example, 10 ktonnes (HOG) marginal output	Conventional farming method			Offshore	Onshore
	Using idle licence capacity	Purchasing licence capacity (Norway)	Using idle licence capacity		
Smolt size	100g	100g	500g	500g	500g
Onshore (months)	12	12	16	16	26
Conventional seawater (months)	18	18	12	7	
Structures for harsh environment				5	
Total	**30**	**30**	**28**	**28**	**26**
Licence cost (MNOK) (1)	0	1,360	0	n.a. (2)	n.a.
Marginal investment on shore (MNOK)	50	50	350	350	2,000 (3)
Marginal investment seawater (conventional) (MNOK)	80	80	80		
Marginal investment harsh environment structure (MNOK)				1,000 (4)	
Total marginal investment excl. working capital, vessels etc.	**130**	**1,490**	**430**	**1,350**	**2,000**
Price example	60	60	60	60	60 (5)
Cost example	40	40	40	37 (6)	45 (5)
Implied marginal EBIT	**200**	**200**	**200**	**230**	**150**
Implied marginal return	**154%**	**13%**	**47%**	**17%**	**8%**

Notes:

(1) Based on average auction price in Norway
(2) No basis for assumption offshore licence, assuming no increase in conventional MAB (stand alone project)
(3) Source: Broker research
(4) Assumed cost of structure required for net increase of 10k tonnes (HOG) after adjustment for reduced harvest in conventional farming
(5) Recalculated to HOG in Box Norway, cost estimate assuming scale, high utilisation and stable biology
(6) Public estimate from industry player testing structure, presumably exluding depreciation of farming structure and additional costs of servicing offshore

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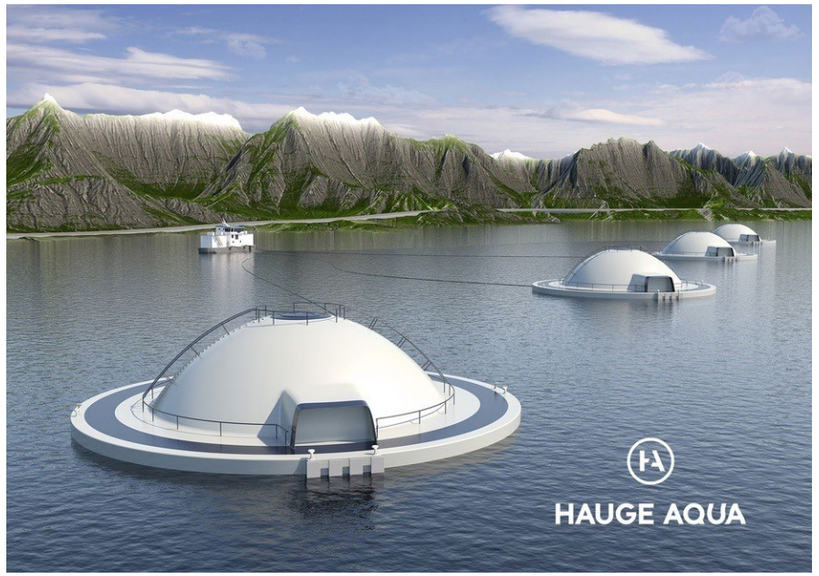
The purpose of the table is to generally illustrate return dynamics of projects requiring larger capital investments.

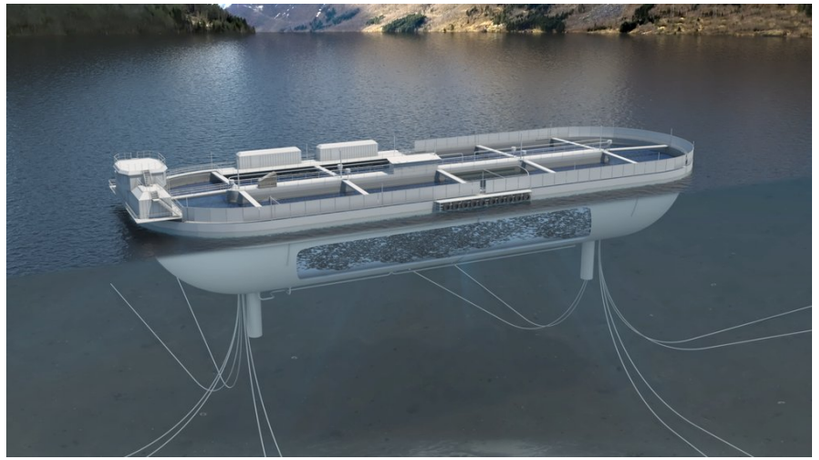
NEW TECHNOLOGY
OFF-SHORE/SEMI OFF-SHORE

- Two large scale off-shore projects realised to date
  - Tested in semi harsh environment
  - Reports of good performance in “off-shore” phase
  - Materially reduction in biological challenges
- Several projects testing alternative concepts underway
- Interesting growth opportunity beyond 2026
  - Development towards proven technology
    - Viable alternatives for offshore and semi offshore
    - Risk reduction
    - Possible alternatives requiring less capital
  - Value chain well prepared

NEW TECHNOLOGY
CLOSED CIRCUIT PRODUCTION IN FJORDS

- Concepts aim for reducing/eliminating exposure to external threats in traditional farming waters
- Several large scale concepts being tested
- Possible applications
  - Combination with offshore production
    - E.g. 500g-2.5kg
    - Minimise probability of bringing undesired elements into large scale offshore structure
  - Marginal sites in Scotland





NEW TECHNOLOGY
ONSHORE PRODUCTION

- Integrated onshore facilities
- Largely similar to Bakkafrost RAS facilities for 500g smolt
  - Volume requirement exponential with fish size
- Absence of traditional external threats
- Potential to produce close to the consumer
- Large capital investments and maintenance requirements
- Energy requirement for temperature control
- Risks of controlling highly complex site

VESSEL TECHNOLOGY DEVELOPMENT

BAKKAFROST'S VESSEL FLEET IN THE FAROE ISLANDS

- Planned and required transportation to and from seawater sites
  - Well boats
- Key resource to tackle challenges/threats for site managers
  - Well boats and Farming Service Vessels (FSV)
- Value of in house capacity
  - Installation and adjustment of treatment equipment not straight

Vessel	Type	Capacity (m3)	Main tasks
Hans á Bakka	Wellboat	3,000	Harvest FW treatments
Martin	FSV	N/A	Delousing (Optilice & FLS), Net cleaning, Cable laying, towing
Róland	FSV	1,000	Delousing (Optilice), Net cleaning, Cable laying, towing, emergency mort.
Bakkanes	FSV	1,000	Delousing (FLS), Net cleaning, Cable laying, towing, emergency mort.
Víkingur	Wellboat	240	Live fish carrier (smolt)
Stígabrúgv	Wellboat	325	Live fish carrier (smolt)
Vesthav	Wellboat	650	Live fish carrier (smolt + harvest)
Bakkafossur	Wellboat	7,000	Live fish carrier (smolt + harvest), FW treatments, FW production

Bakkafrost presentation
A world-class company in the salmon industry

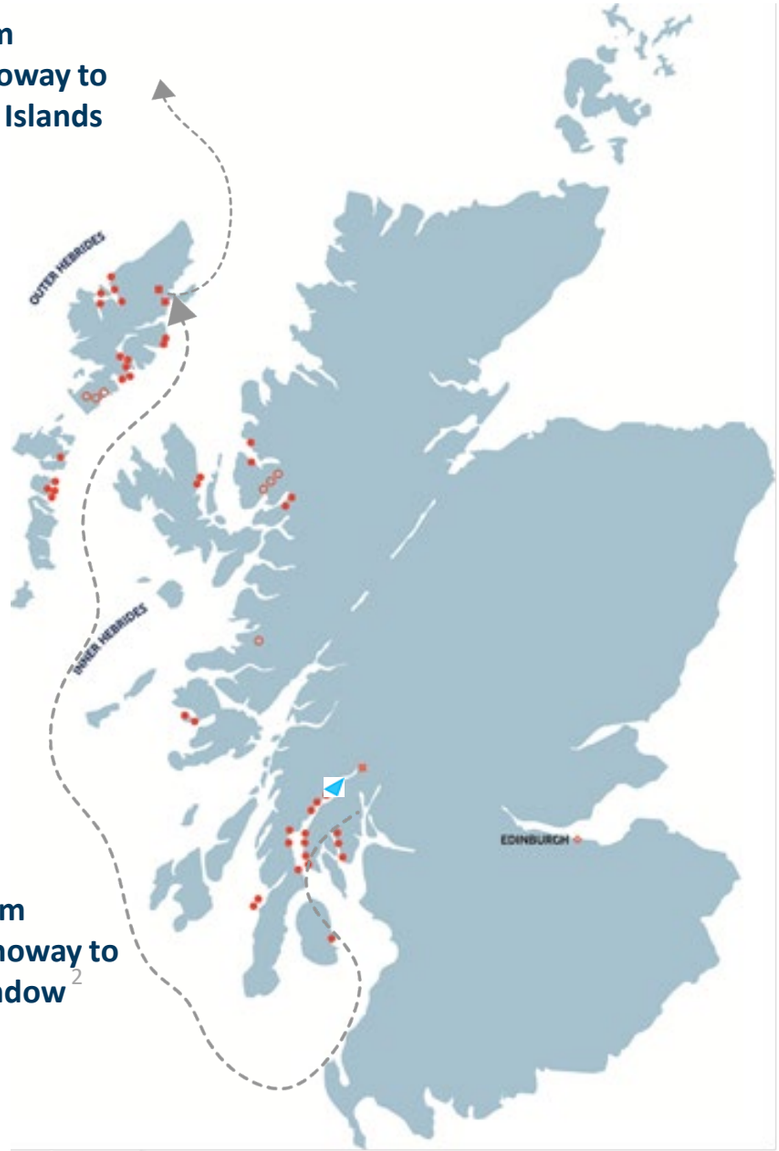
Capital Markets Day – Strategic Roadmap

Faroe Islands 14 September 2021

SCOTLAND
OVERVIEW

HEALTHY LIVING

428km
Stornoway to
Faroe Islands



482km
Stornoway to
Cairndow[2]

Current		5 Yrs
7 Sites Capacity **10.7k m3** 6.0m @ **85g**	HATCHERIES	2 / 3 Sites Capacity to **64k+ m3** 18m+ capacity @ **500g**
42 Sites	FARMING	42+ Sites **50kT** (HOG) Production
2 Processing facilities **2 Harvest stations** Capacity **205T/day** (HOG)	PROCESSING	Primary / secondary facilities **Integrated** Capacity **450T/day** (LWE)
2,100 m3 Harvest **300T/hr** Delousing **200T/hr** FW treatment	FSV	**6,300 m3** Harvest **500T/hr** Delousing **480T/hr** FW treatment
610 fte **59T/fte**	PEOPLE	660 fte **83T/fte**

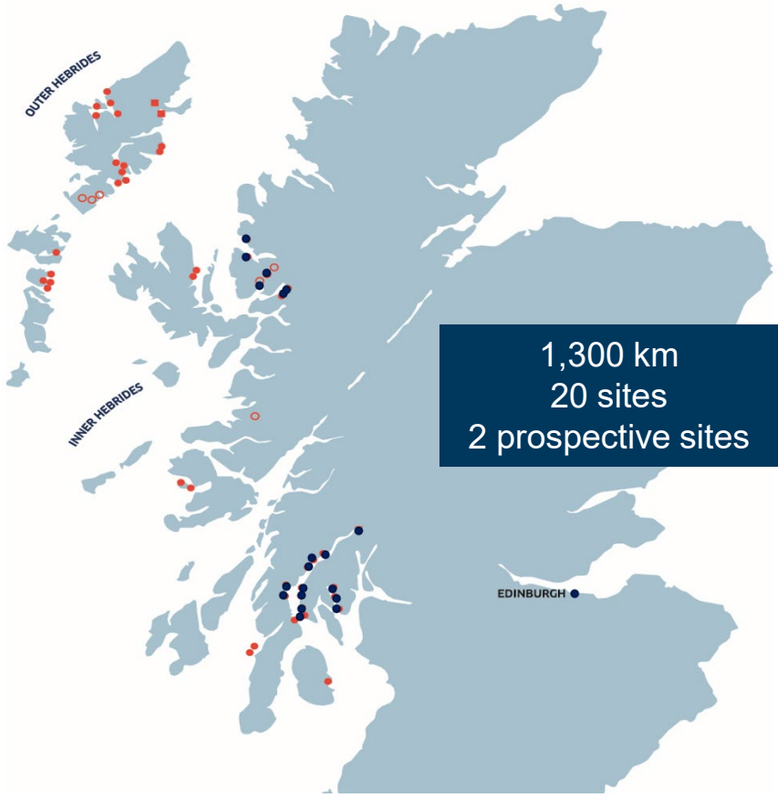
*) fte: Full Time Equivalent

Superior salmon from the FAROE ISLANDS

ONE TEAM
CEO AND MD OPERATIONAL UPDATE

Loch Striven

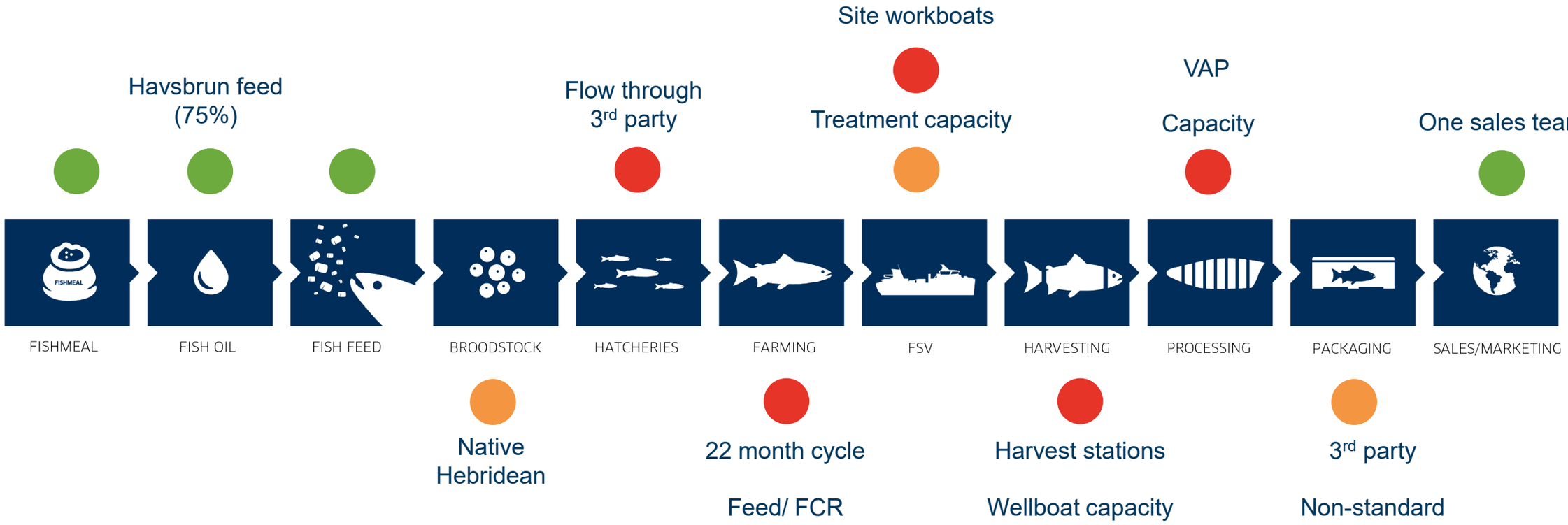
Applecross



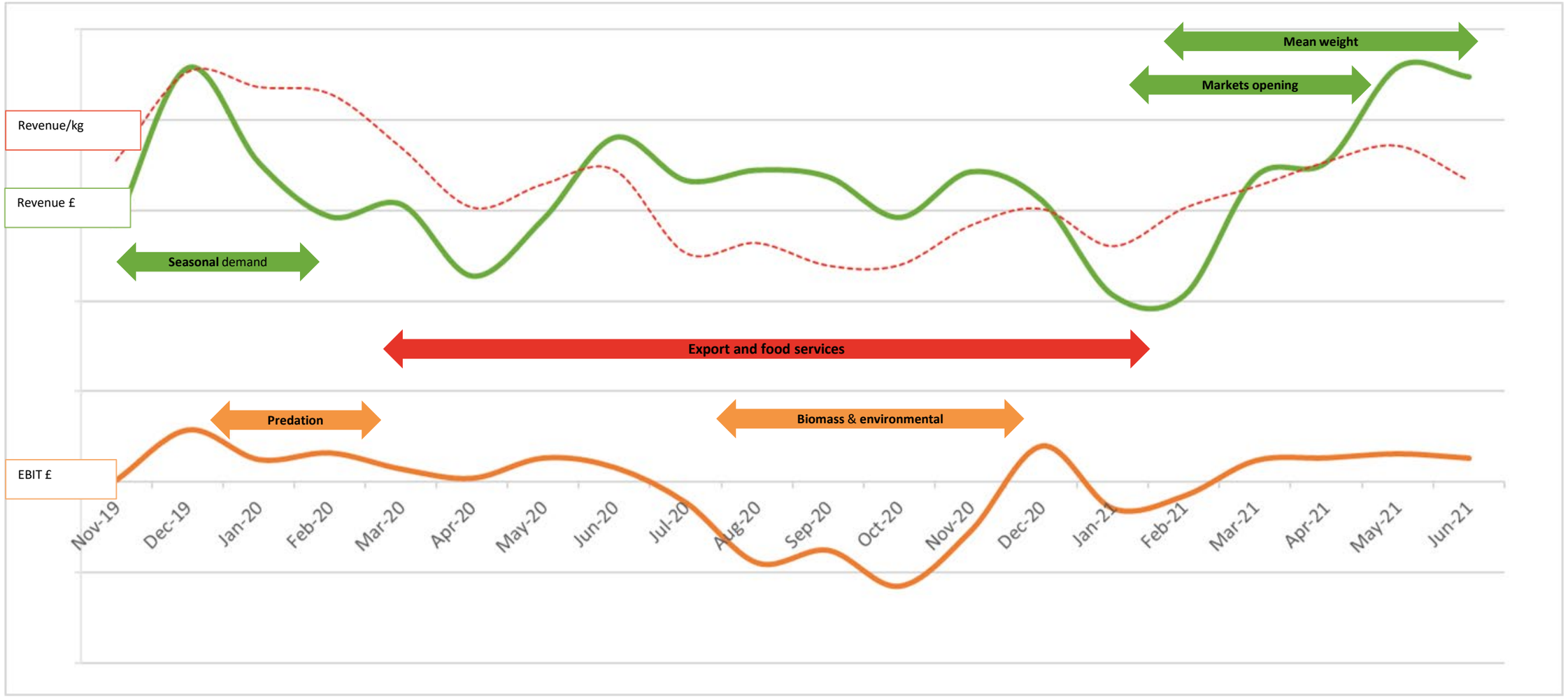
Loch Fyne

West Strome

SCOTLAND VALUE CHAIN
CAPACITY / CAPABILITY



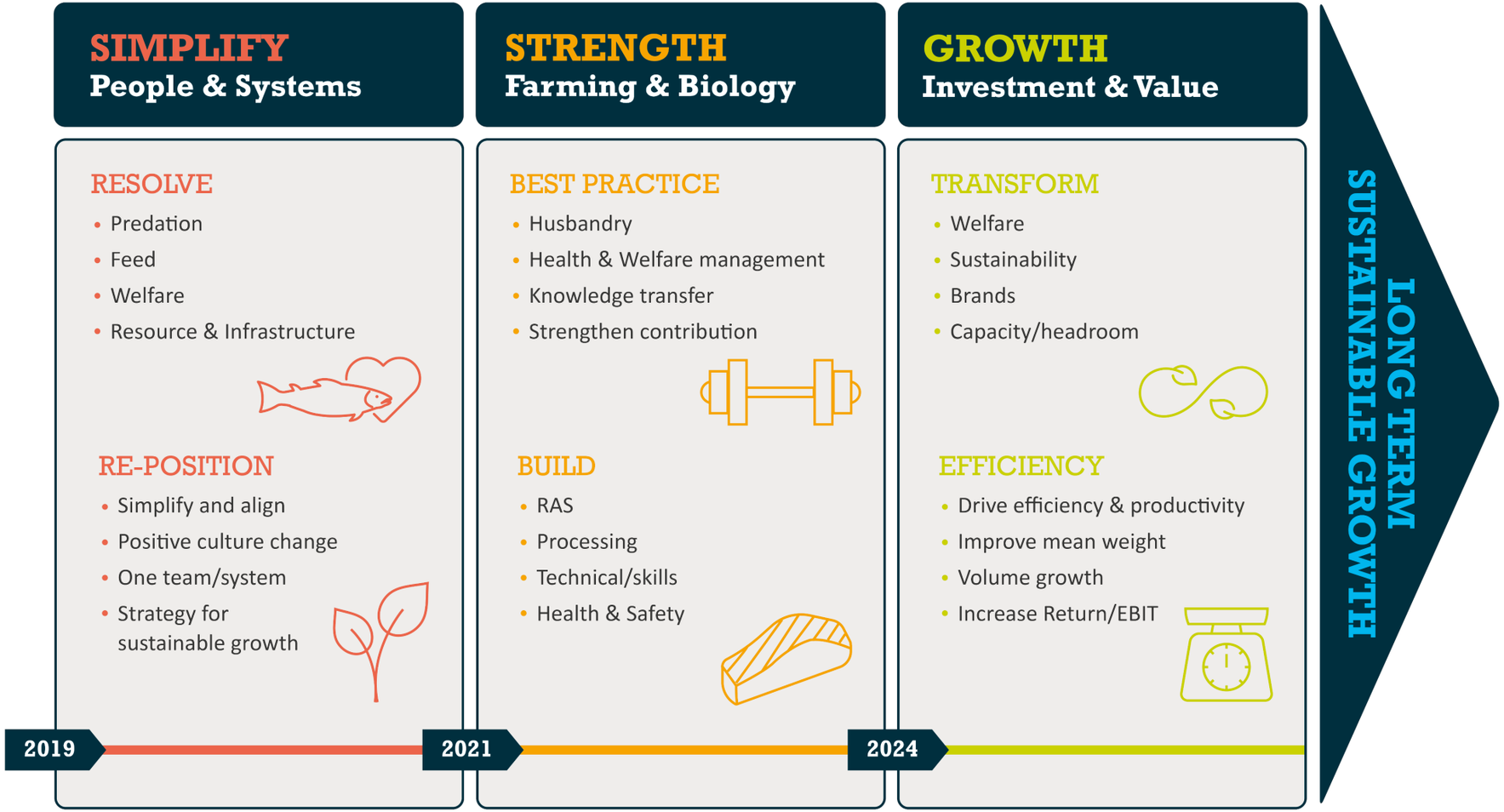
HEALTHY BUSINESS
FACTORS EFFECTING RECENT PERFORMANCE



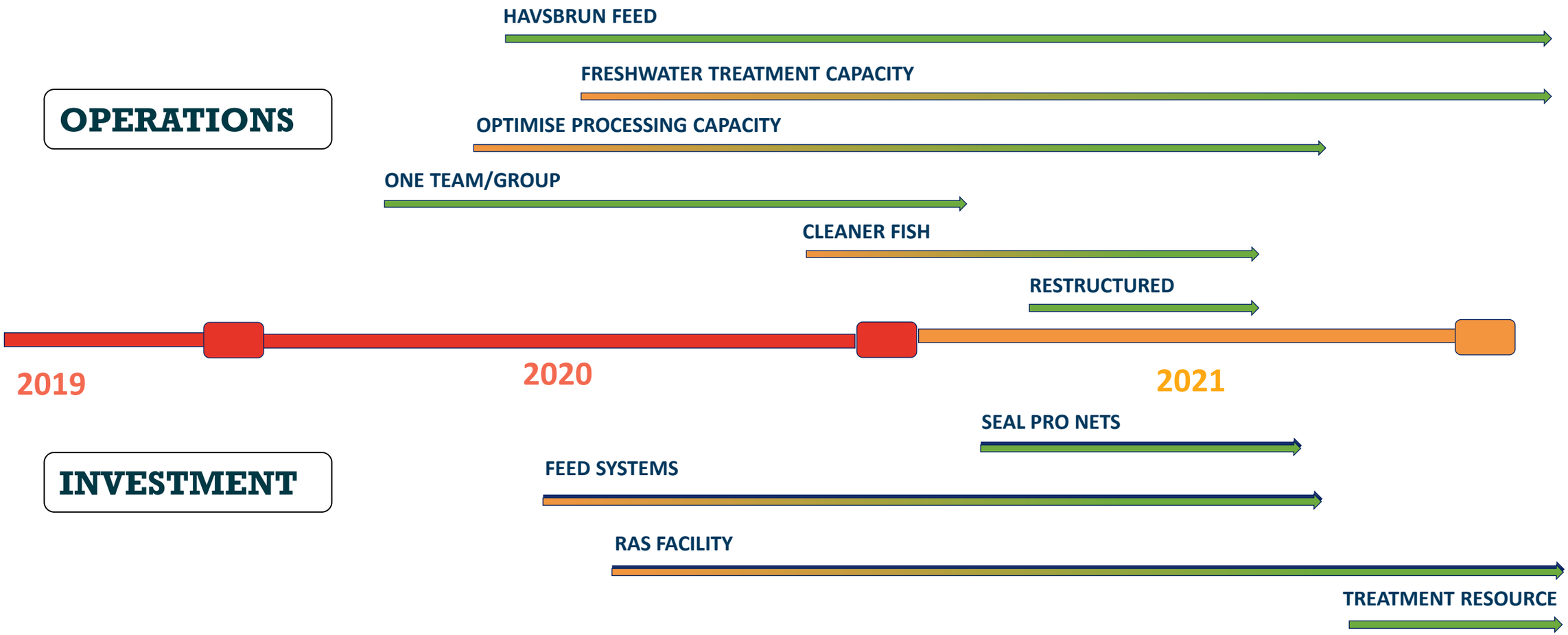
HEALTHY BUSINESS
FRESH APPROACH PROGRAMME

HEALTHY LIVING

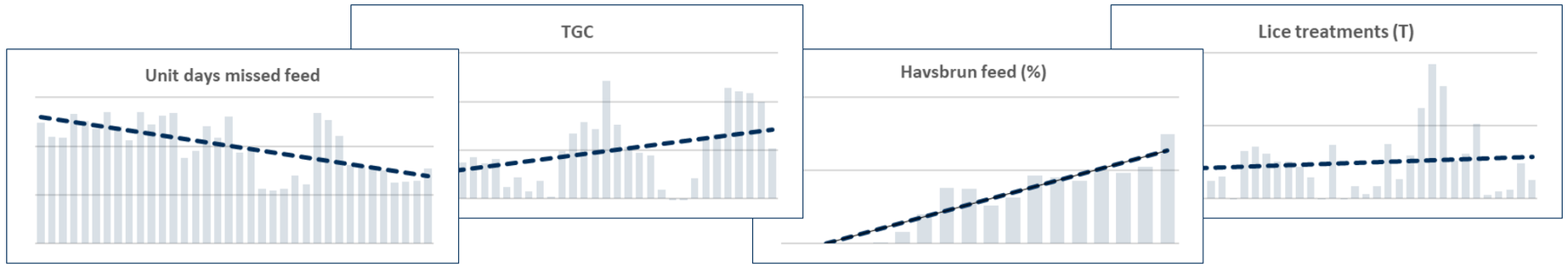
To create long term sustainable growth focussed on the principles of: Simplify - Strengthen - Growth



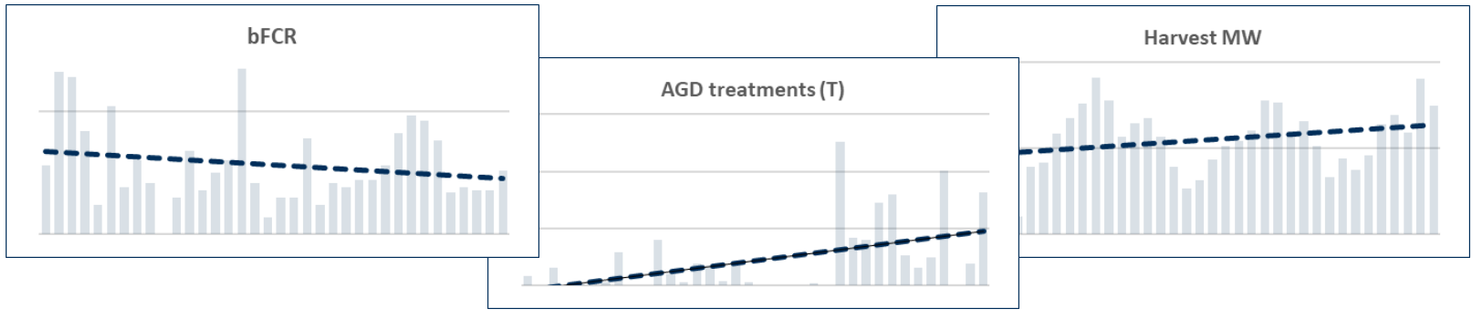
SIMPLIFY
RESOLVE & RE-POSITION



SIMPLIFY
IMPROVING PERFORMANCE METRICS



TGC	Harvest Mean Weight (kg)	Feed (% Havsbrun)	lost feed days	bFCR	AGD treatments (T)	Lice treatments (T)
↑	↑	↑	↑	↑	↑	↑



STRENGTH
BEST PRACTICE & BUILD

Best Practice

Marine Operations

Ronja Fisk
- Dedicated FW treatment vessel
- 2,500m3
- RO at 200T/hr

One Team

- Bakkafrost Freshwater team at Applecross
- Group Sales Director at Loch Striven

Marine Operations

- Cleanerfish / Wrasse strategy
- Final stocking
- Remote feeding
- Aeration

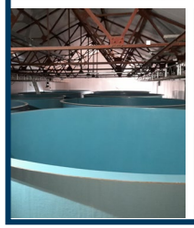
Build

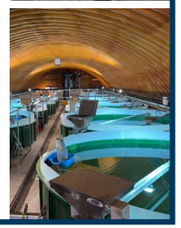
Marybank
- 15kt pa to 20kt GWE pa

Cairndow
- 21kt pa to 27kt GWE pa

Geocrab
- Reinstated after flood 100T p.a. production

Couldoran
- 500 m3 RAS reinstated 80T p.a. production





Applecross RAS

Phase 1-3
- 4,520m^3
- 5m smolt @ 110g
- Commissioning phase

Phase 4
- 13,800m^3
- 10m smolt @ 250g, then
- 5m smolt @ 500g
- Build phase

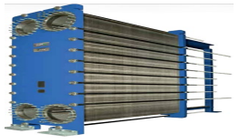
FSV

Bakkanes
- 4 line FLS
- Dedicated treatment vessel
- 200T/hr

HEALTHY ENVIRONMENT
CASE STUDY - APPLECROSS

HEALTHY LIVING

Hydro
500kw/hr capacity
2MW available

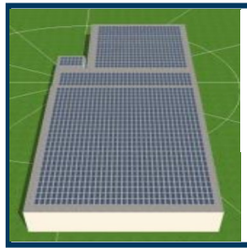


Heat/Chill
Salt Water Heat Exchanger
Reduces heat pump energy
Saving 400kW/hr
10% energy reduction

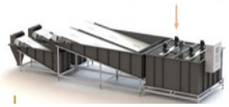
Water
90% reduction of use vs current

Recycled Materials
Batching plant on site saves 130,000 km road miles
4,000 tonnes of rubble for subbase

Waste 90% reduction
Energy 100% sustainable power
Water 90% reduction

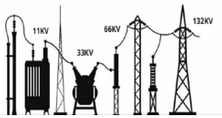


Solar
Annual yield 1,100 KW
33% of site needs 625kw/hr capacity



Waste
Reduced to 90% dry matter
Reduce solids from 10 T/day to 0.35T/day, Saves 260 trucks/year
96% waste reduction

Heat Recovery
Salt Water Heat Exchanger
Reduces heat pump energy
Saving 400kW/hr



Power
Upgrade substation to 33kv
Incoming power 3.4MW for supply security
Power factor correction 10% energy reduction

STRENGTH
500G SMOLT

Applecross Phase 5 – 10,000 m3 expansion to 28,000m3

Production increase to 8m smolt @ 500g

New facilities to 36,000 m3

Production capacity to 10m smolt @ 500g

Legend

SSC Marine Site

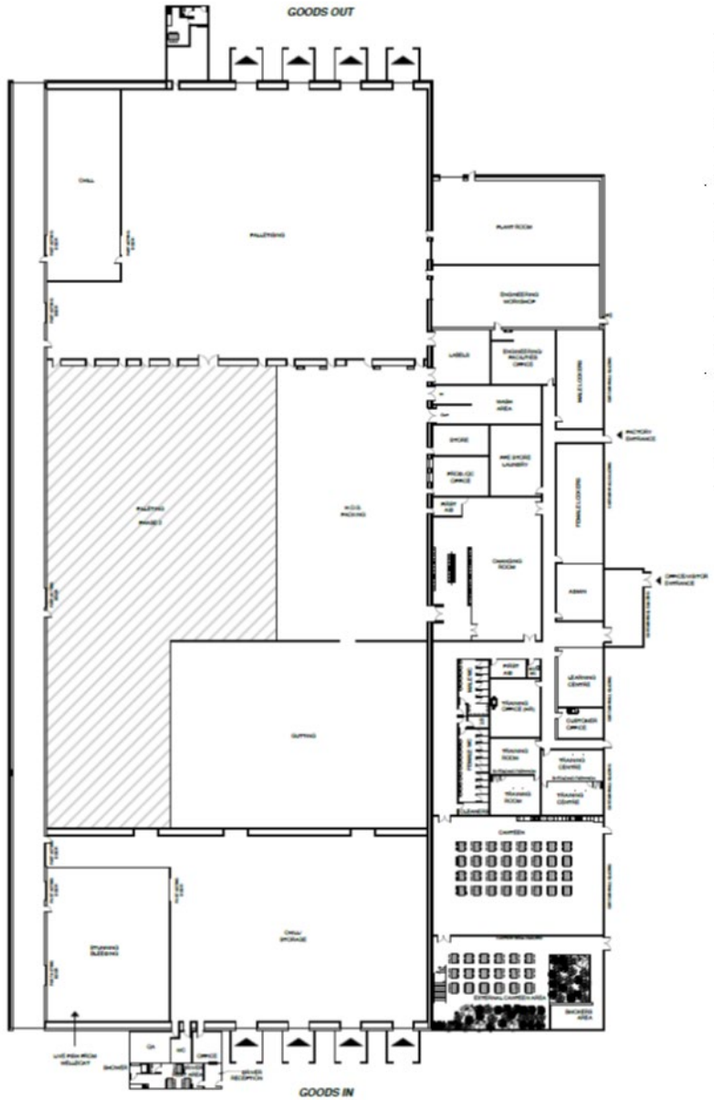
RAS Option

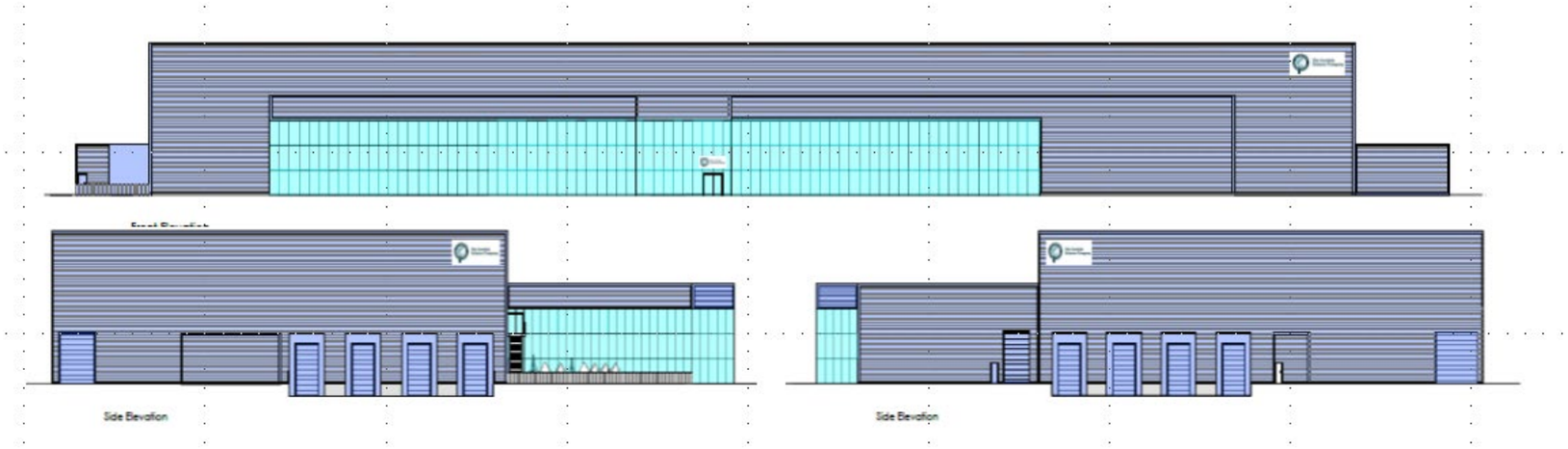
Good prospect

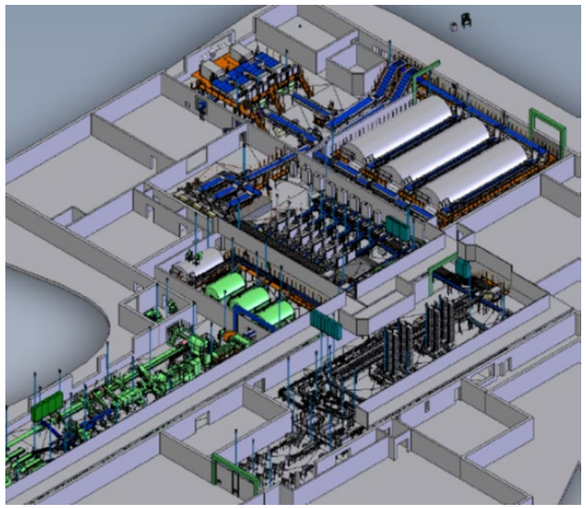
Under Investigation

Dismissed

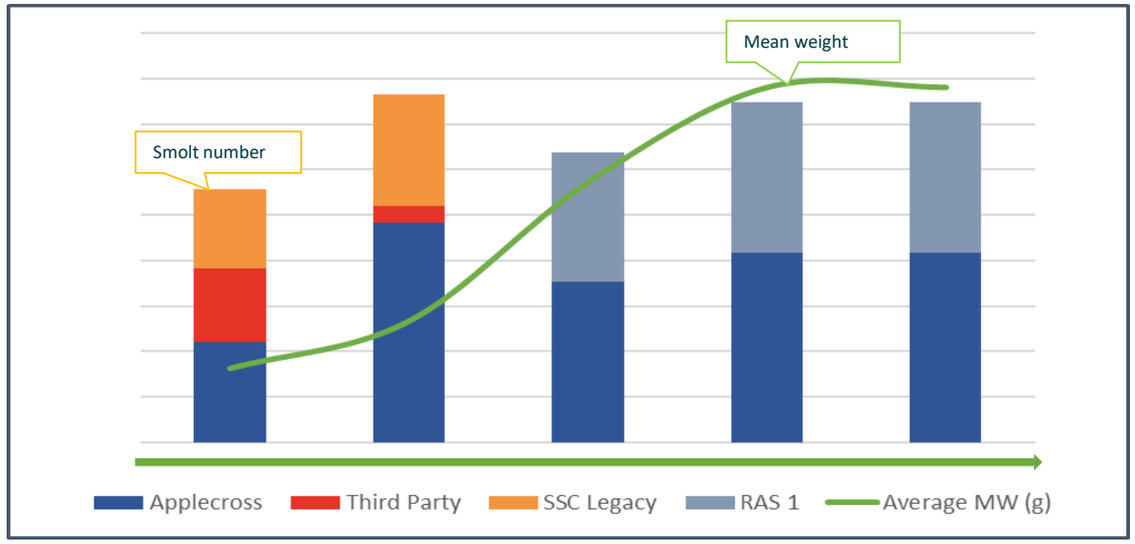
STRENGTH
PROCESSING - NEW FACILITY







- **Highly automated quality focused processing**
  - Swim through harvest
  - Latest processing technology
  - Automated packing & palletisation
- **Scalable design to build capacity in line with business growth**
- **Operational by 2024**
- **Unique pre-rigor fillets ensuring freshness to market**
- **Green energy opportunity**

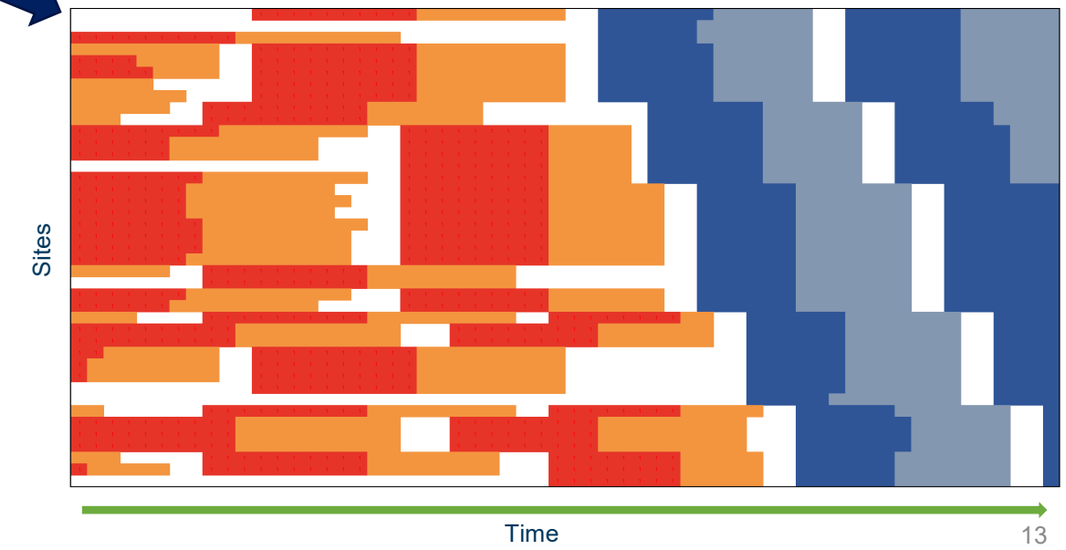


FRESHWATER STRATEGY

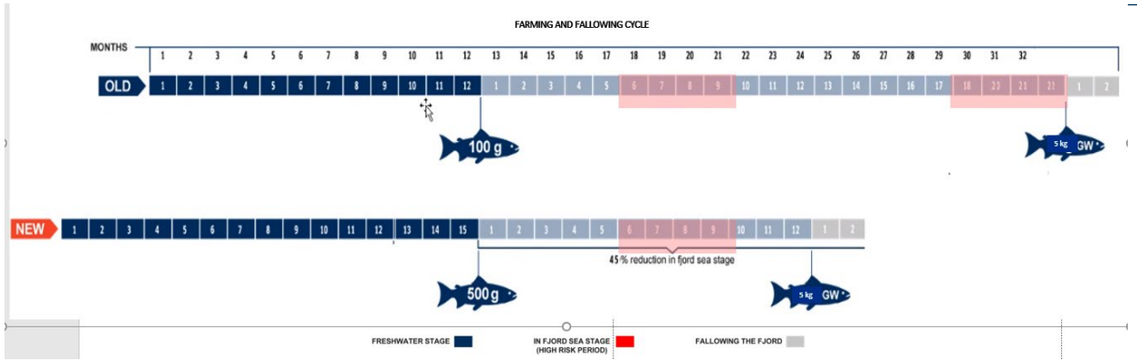
- Consolidation to large hatcheries
- Remove 3rd party smolt within three years
- 10k m3 to 64k m3 capacity, by 2026
- 6m smolt @ 85g to 18m+ smolt capacity @ 500g by 2026

MARINE STRATEGY

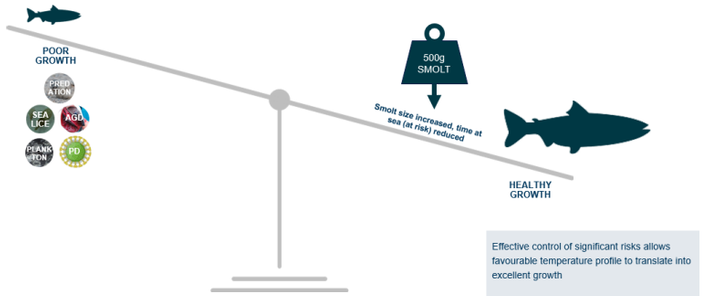
- Reposition and transition of cycles underway
- Shorter Marine cycle
- Quarterly cycles / stocking – Metronomic
- Smoother production profile



GROWTH
TRANSFORM & PERFORM



RISKS CONTROLLED



FRESHWATER STRATEGY

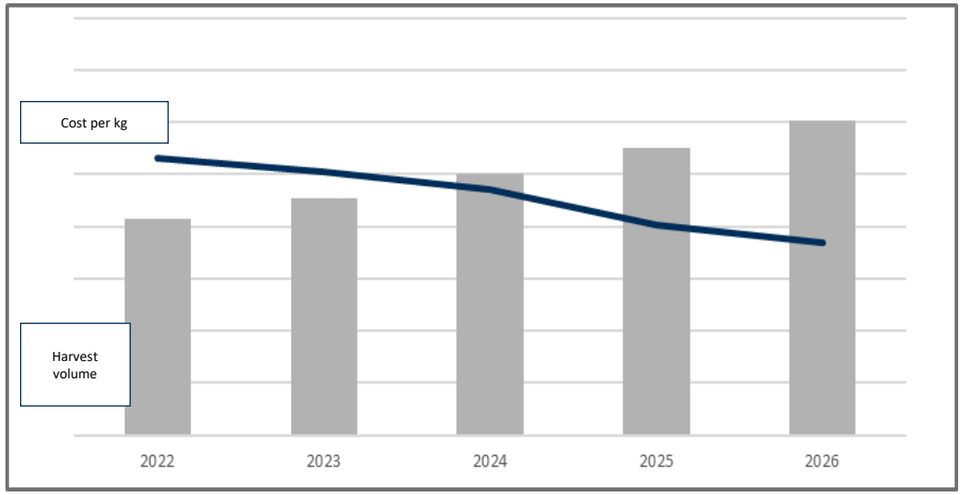
- Large smolts shift the balance of risk
- FW treatment improves health / ability to tolerate environmental factors
- One Summer - 50% risk removed

IMPACT ON PRODUCTION

Production at **50kT** by 2026

Survivability, health and efficiencies of scale transforms cost per kg

Mean weight increase to **5kg+**



GROWTH
COST & VALUE DRIVERS

Group Sales

Native Hebridean

Clan of Brands

VALUE

COST

EFFICIENCY

Enhanced Survivability

Freshwater Treatment

Efficient Production

VAP

Capacity

One Team

Systems
(One Group)

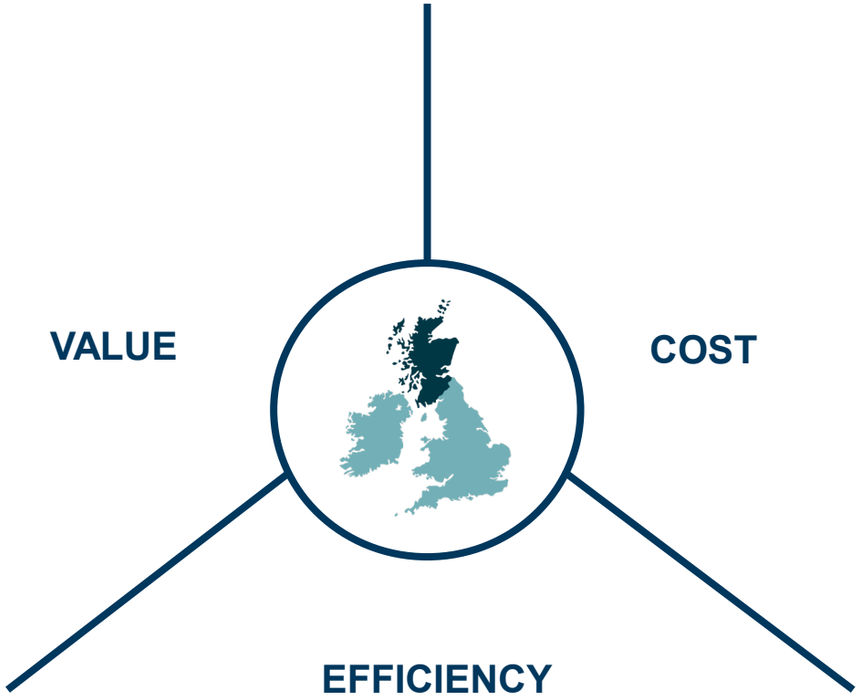
Havsbrun feed

GROWTH
COST & VALUE OPPORTUNITIES

Truly Scottish: Native Hebridean

UK Domestic Market

Free Trade



Investment Incentives

R&D Incentives

Energy De-regulation

Growth – TGC / Temp

Academia / Skills Based

Site Development

HEALTHY BUSINESS
SCOTLAND BY 2026

HEALTHY LIVING

SIMPLIFY
People & Systems

Capability

Capacity

Control

STRENGTH
Farming & Biology

RAS

FW Treatment

One Team

+

Processing

Vessels

Brands

GROWTH
Investment & Value

50kT

Survivability

Mean Weights

Feed Conversion

Quality

Value

2019 — 2021 — 2024

LONG TERM SUSTAINABLE GROWTH

EBIT/kg

ESG

Animal Welfare

Employer of Choice

Growth

THANK YOU

BAKKAFROST

ESTABLISHED 1968

SUPERIOR QUALITY SALMON

Bakkafrost presentation

A world-class company in the salmon industry

Capital Markets Day – Fish meal, oil and salmon feed

Faroe Islands 14 September 2021

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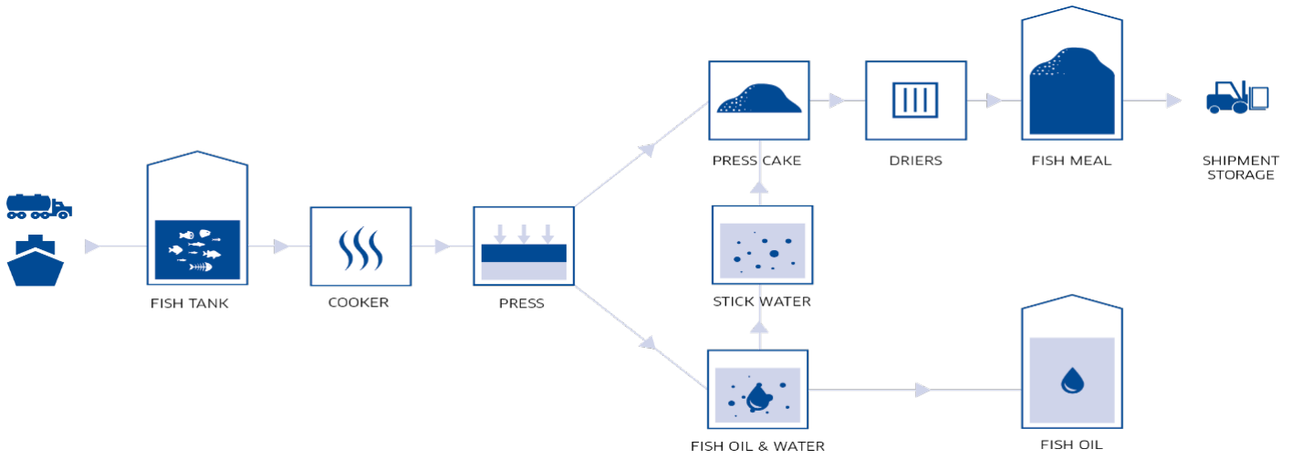
WELCOME TO HAVSBRÚN

AGENDA

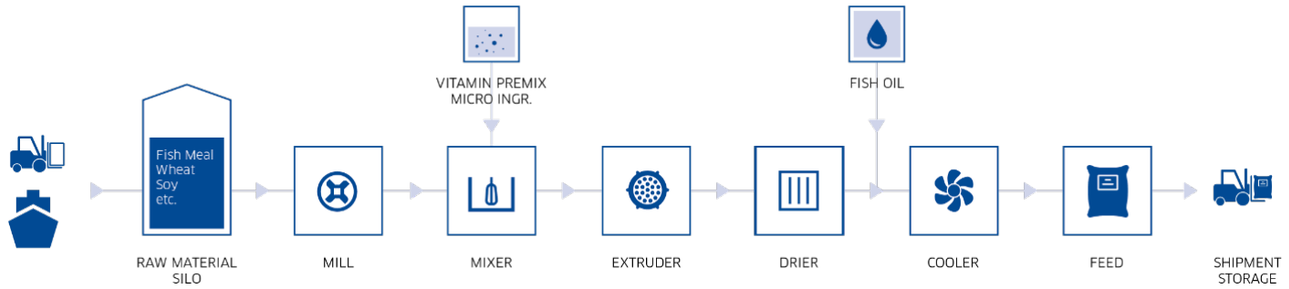
- What do we do at Havsbrún
- Natural feed to our salmon
- R&D - the benefits
- Feed to Scotland – Synergies
- Future Investment in new feedline
- MSC and blue whiting, what is the situation?

FOF
FISHMEAL - FISH OIL – FISH FEED

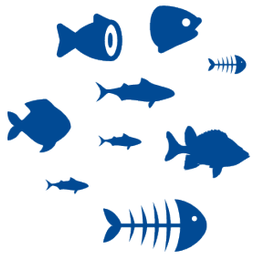
Meal and oil department



Feed department

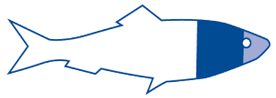


Transformation



Raw Materials

Not suitable for hum. cons.
No or limited marked demand.
Rejected fish.
Fish biproducts & offcuts.



Fish Composition

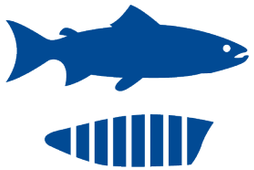
- 72% water
- 18% dry matter
- 10% lipid

Fish Meal

71% Protein
14% Ash
8% Lipid
7% Moisture…

Feed Composition

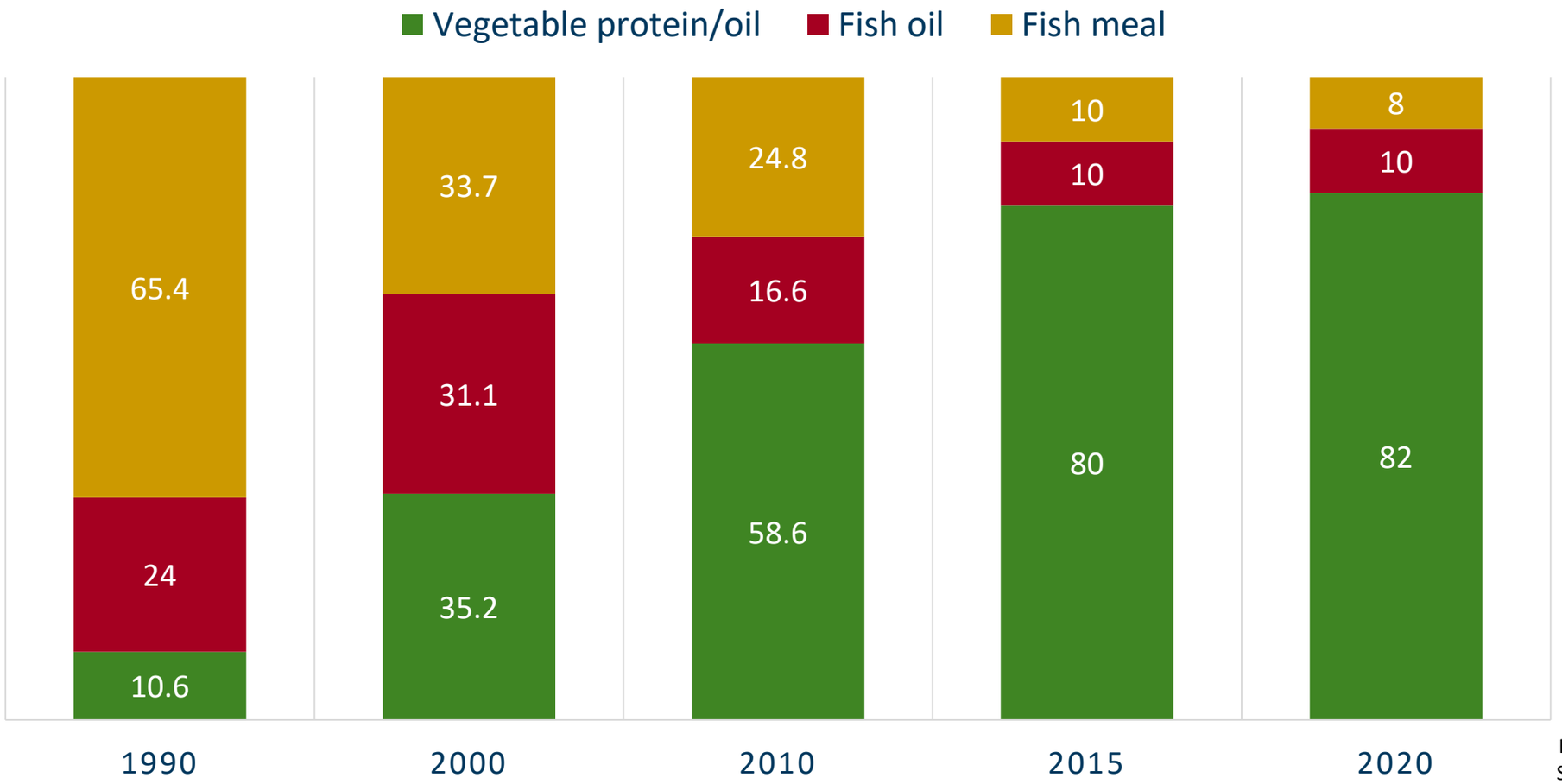
35-48% protein
20-37% lipid



Salmon

FISH MEAL, OIL AND SALMON FEED
COMPARISON MARINE CONTENT

RAW MATERIAL IN SALMON FEED

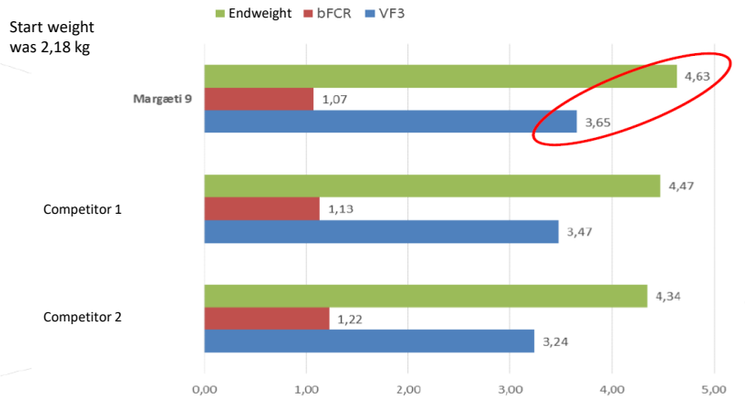


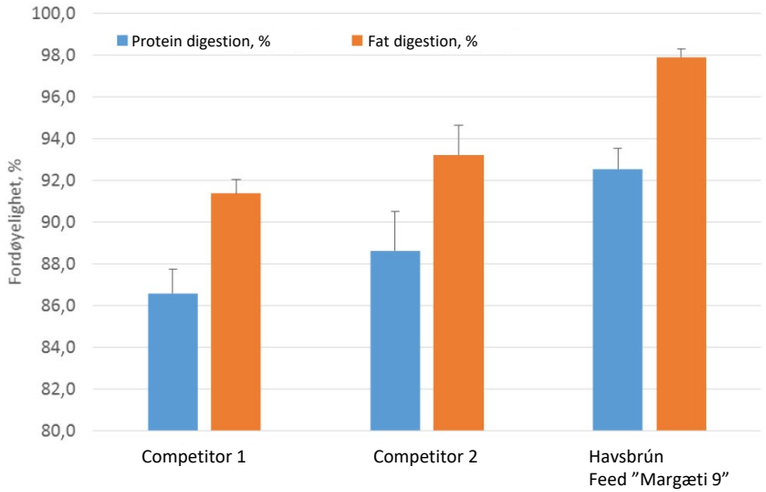
Figures for Norway
Source: Holtemann

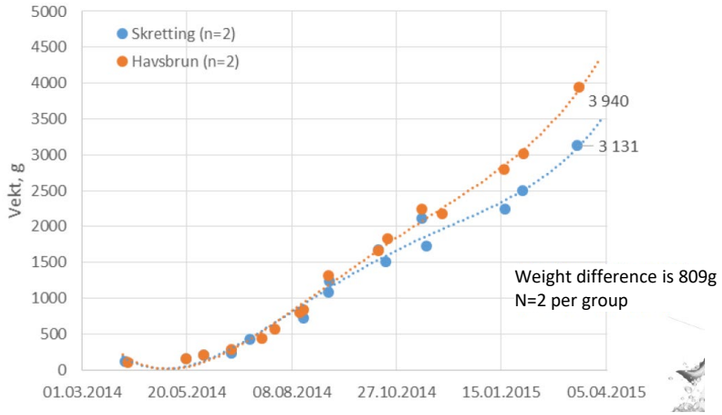
SOME OF THE BENCHMARKING RESULT
WITH HIGH MARINE PROFILE

- Strong performance by Havsbrún feed
- More efficient digestion
- More rapid growth

Benchmarking GIFAS: Performence
- Weight after 84 days at 12,2°C







FISH MEAL, OIL AND SALMON FEED
COMPARISON MARINE CONTENT

HP EFFECT ON QUALITY & GROWTH

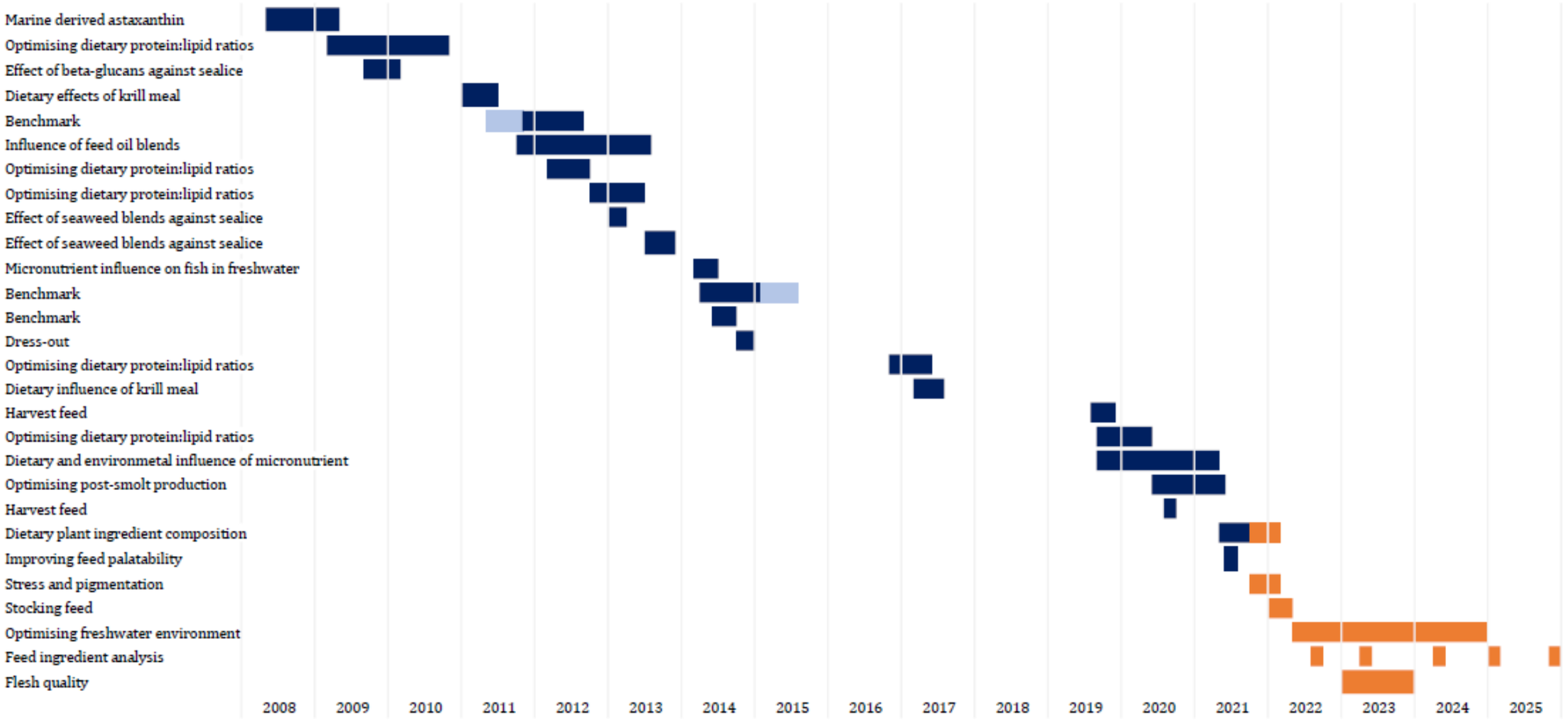
- Higher harvest yield
- Lower fat
- Lower *viscerosomatic index* (VSI)
- Thicker *hypaxial anterior muscle* (HAM)
- Higher condition factor
- Better fillet quality
- Better growth (TGC) Lower FCR

CREATING SUPERIOR QUALITY

- Fillet quality
- Great fillet color
- Rich in long-chained omega-3 (FA profile)
- Shelf life
- Unique taste

See the different - Taste the different – Measure the different

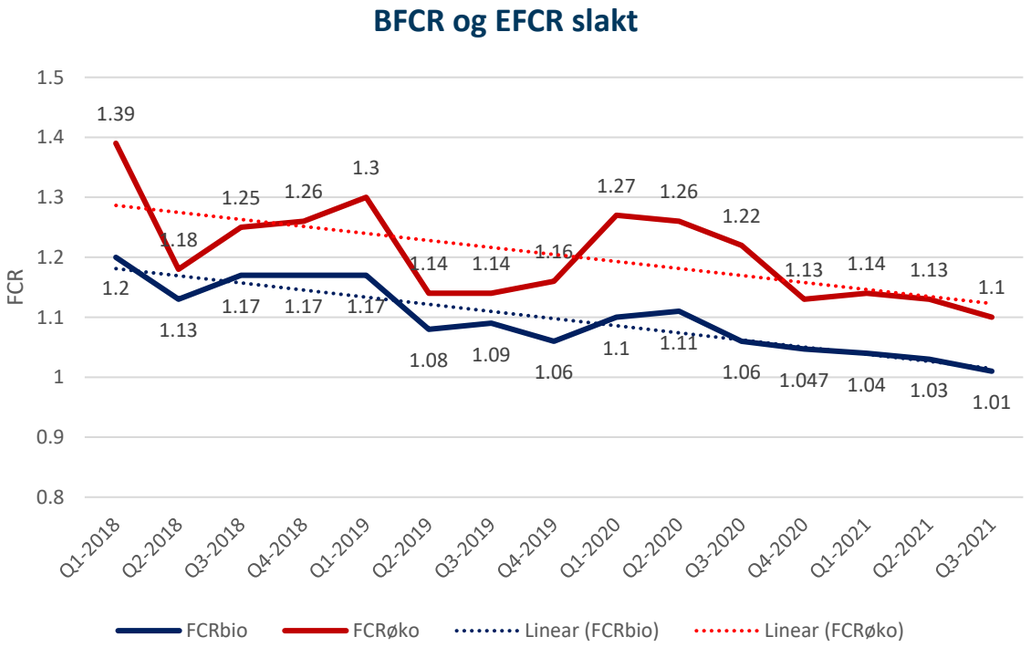
FISH MEAL, OIL AND SALMON FEED
RESEARCH AND DEVELOPMENT



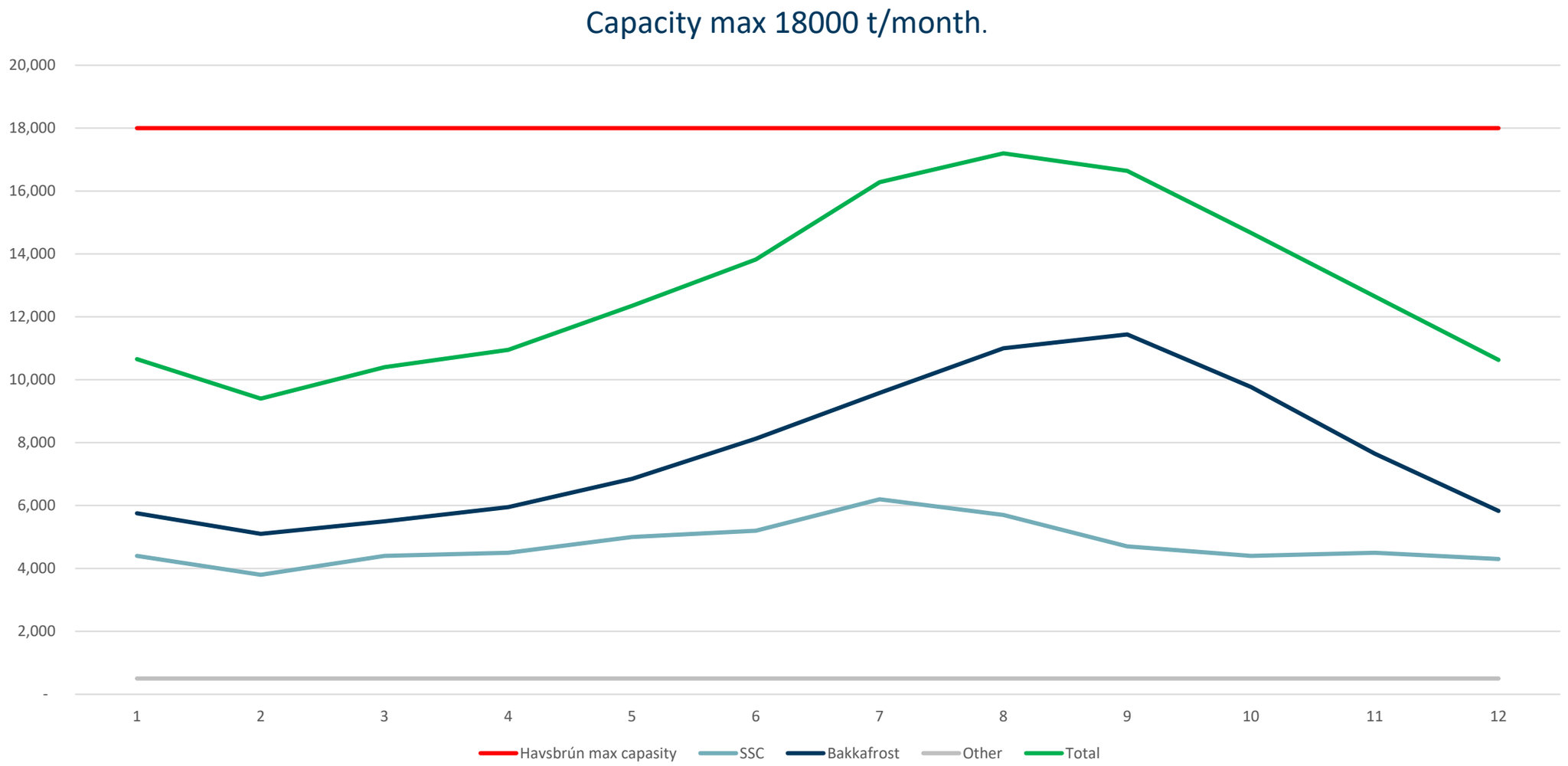
FISH MEAL, OIL AND SALMON FEED
COMPARISON MARINE CONTENT

World record?

Fuglafjørður 2021	9.139 tons	FCR 1,00 (0,91-1,08)
Last 12 sites	70.000 tons	FCR 1,04

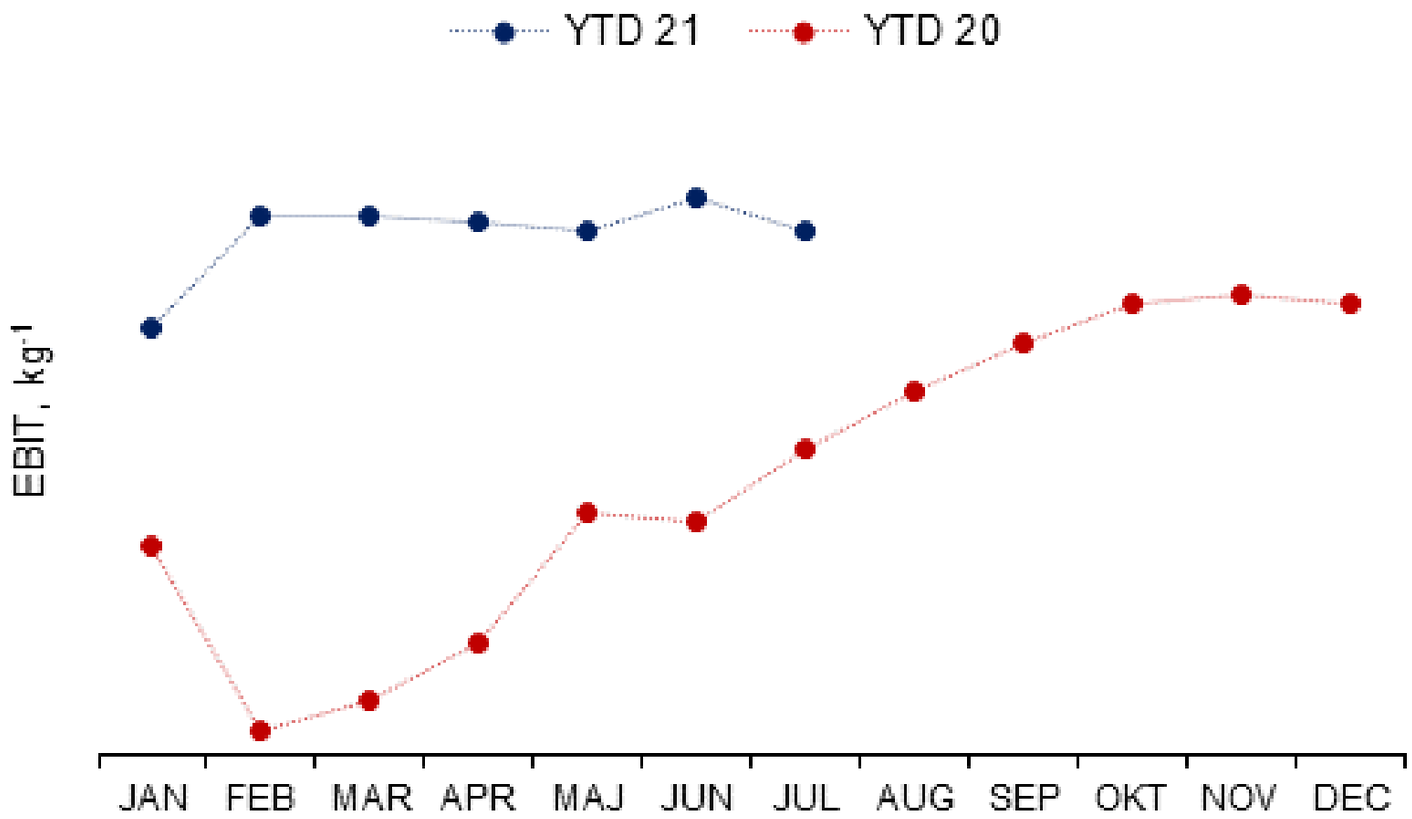


FISH MEAL, OIL AND SALMON FEED
CAPACITY CONSTRAINTS



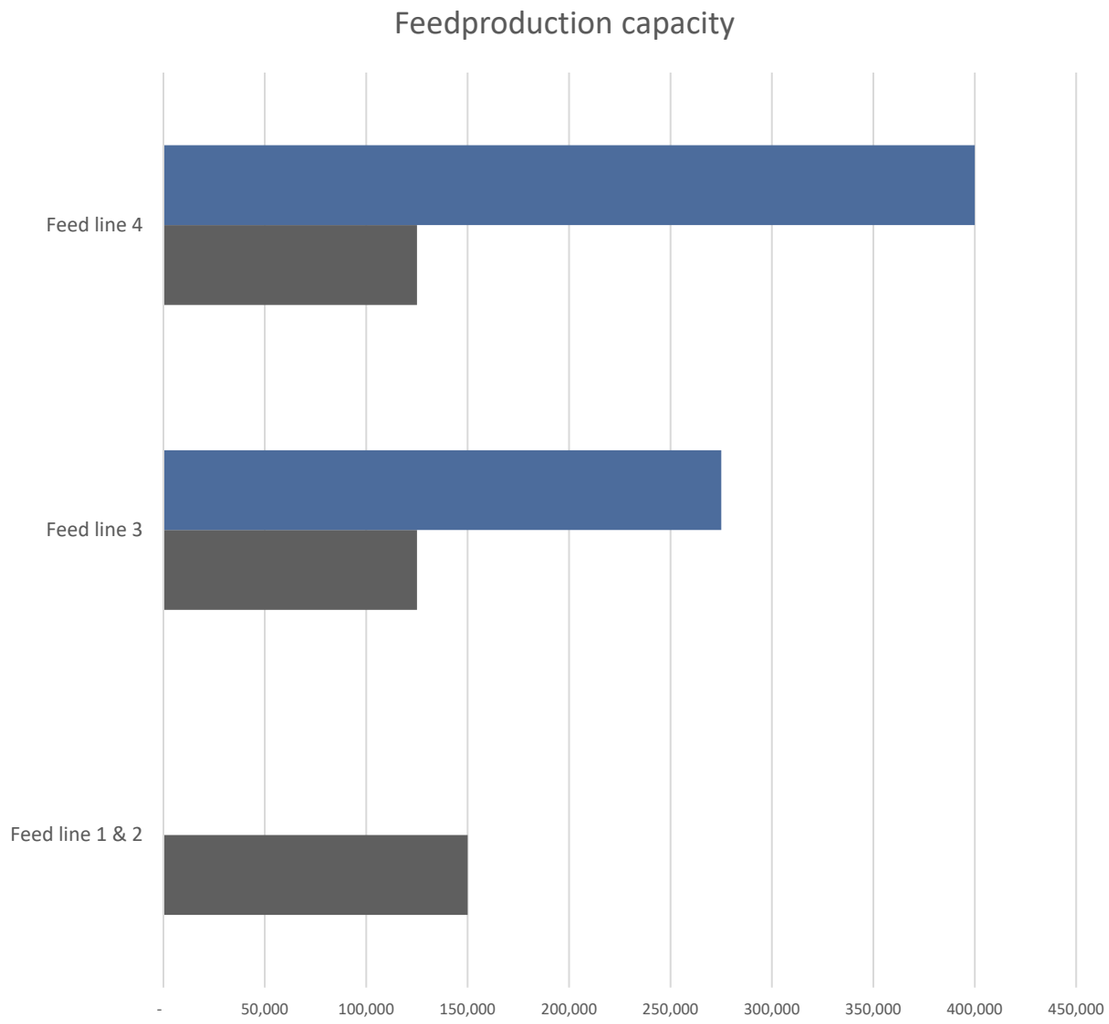
FISH MEAL, OIL AND SALMON FEED
SYNERGIES

Synergies



FISH MEAL, OIL AND SALMON FEED
CAPACITY CONSTRAINTS

- 155.00 tons of hog salmon is corresponding to app. 200.000 of fish feed.
- Feed line 1 & 2 have a max capacity at 150.000 tons (Seasonal depending)
- The new 3. feed line will increase capacity with 125.000 ton up to app. 275.000 tons
- The 4. feed line will increase capacity with 125 tons up to 400.000 tons
- Building constructions, silos and IT software are planed for 400.000 tons



FISH MEAL, OIL AND SALMON FEED

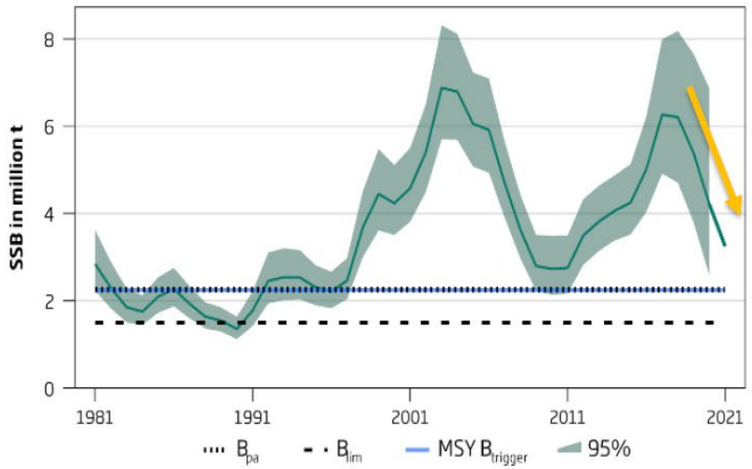
ILLUSTRATION OF PLANT DEVELOPMENT TO MEET REQUIREMENT

FISH MEAL, OIL AND SALMON FEED

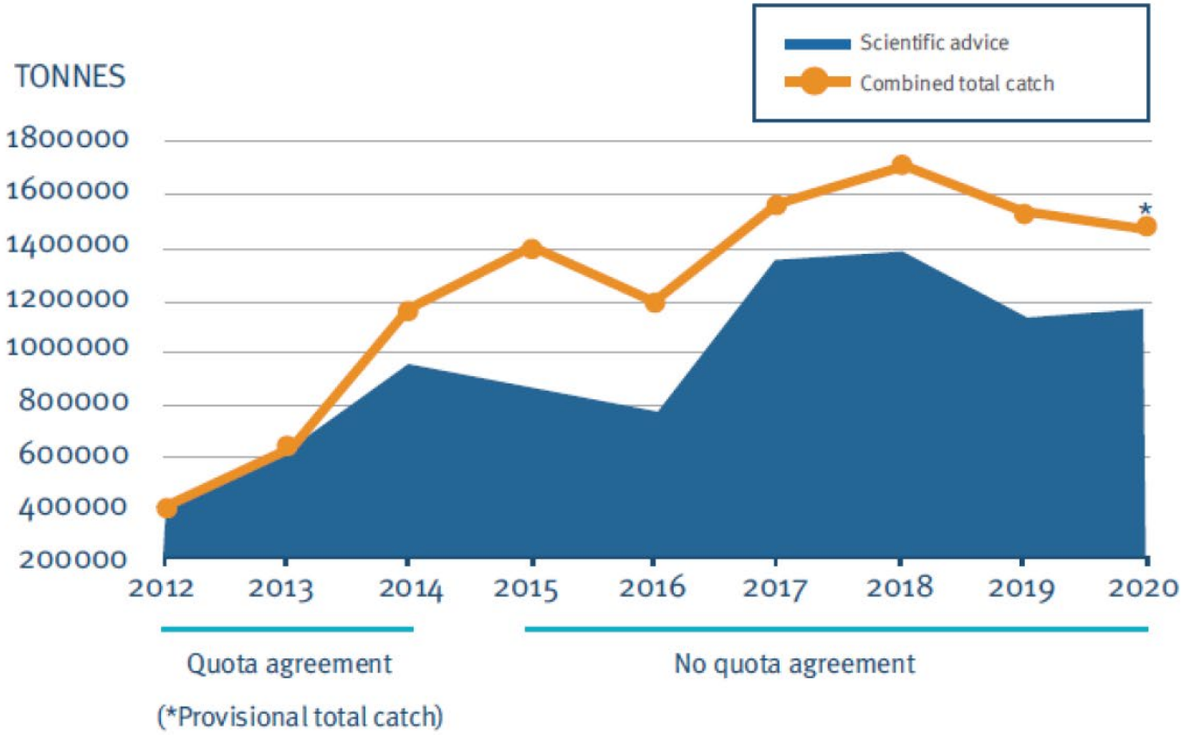
ILLUSTRATION OF PLANT DEVELOPMENT TO MEET REQUIREMENT

Blue Whiting

SSB



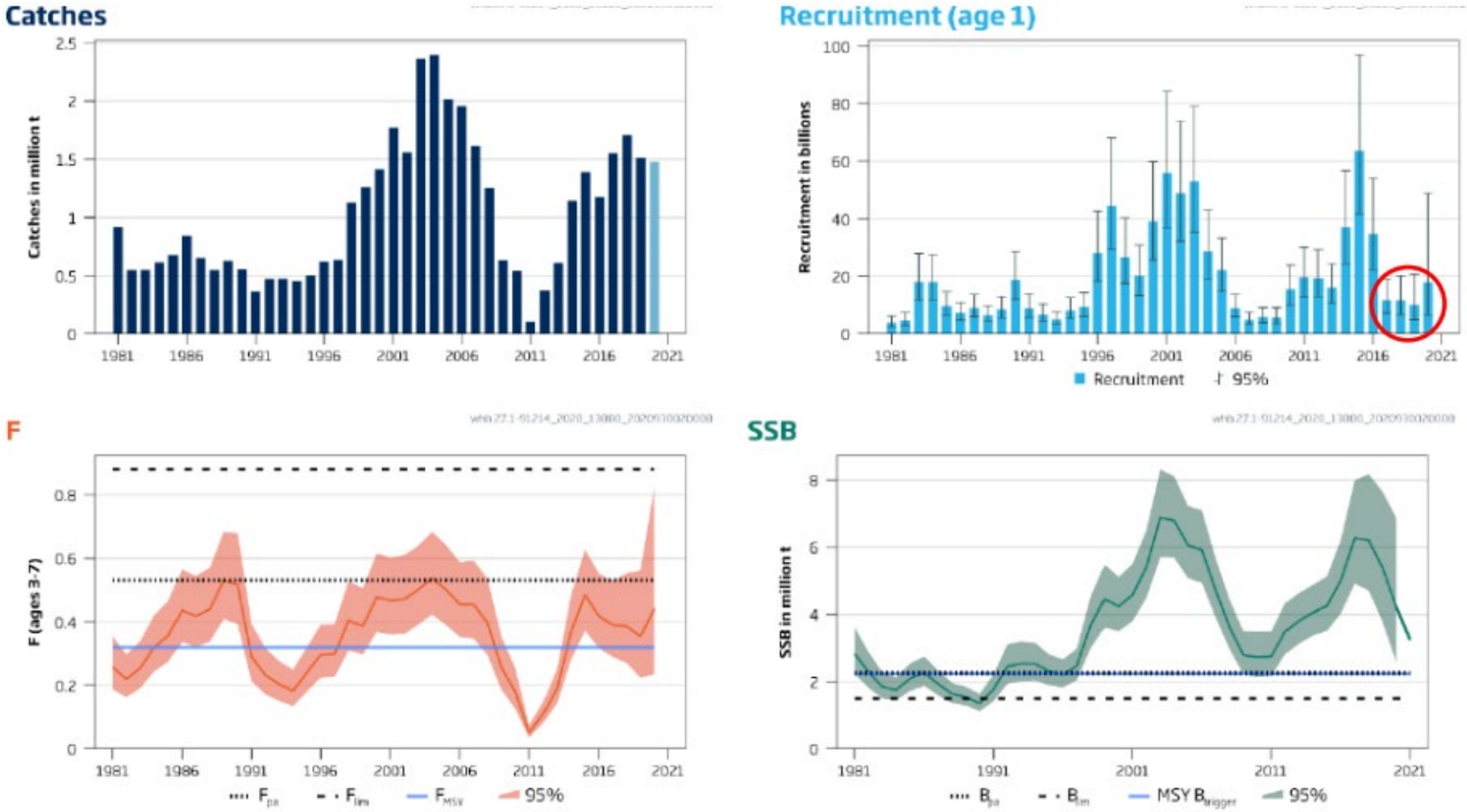
Combined total blue whiting catch compared to scientific advice



Source: ICES (2012 - 2020)

FISH MEAL, OIL AND SALMON FEED
MSC CERTIFICATION BLUE WHITING

Blue whiting stock development



FISH MEAL, OIL AND SALMON FEED
MSC CERTIFICATION BLUE WHITING

Blue whiting advice for 2021

ICES advises that when the long term management strategy agreed by the European Union, the Faroe Islands, Iceland, and Norway is applied, catches in 2021 should be no more than 929 292 t.

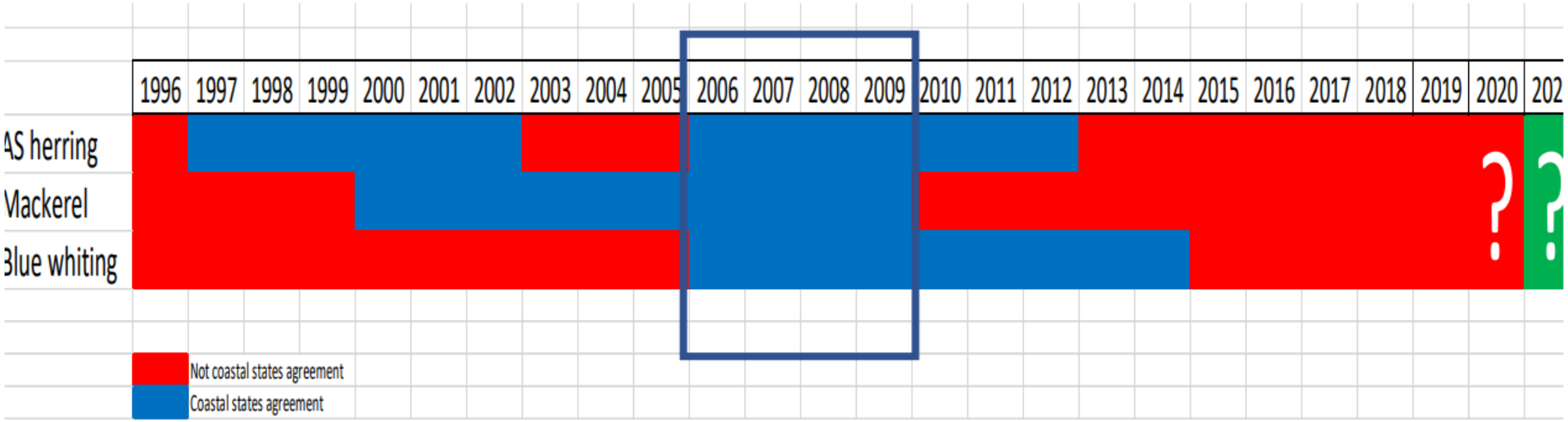
	Fishing pressure				Stock size			
		2018	2019	2020		2019	2020	2021
Maximum sustainable yield	F_{MSY}	✗	✗	✗ Above	MSY $B_{trigger}$	✓	✓	✓ Above trigger
Precautionary approach	F_{pa},F_{lim}	✓	✓	✓ Harvested sustainably	B_{pa},B_{lim}	✓	✓	✓ Full reproductive capacity
Management plan	F_{MGT}	✗	✗	✗ Above	B_{MGT}	✓	✓	✓ Above

Advice for 2019 was 1 161 615 t => 20% decrease in 2021

FISH MEAL, OIL AND SALMON FEED

MSC CERTIFICATION BLUE WHITING

Coastal states sharing agreement in North Atlantic



Since 1997 there has only been **4 years 2006-2009** where all coastal states are in sharing agreement on all 3 pelagic stocks

WHAT IS NAPA TRYING TO DO?

NORTH ATLANTIC PELAGIC ADVOCACY GROUP

NAPA aims to secure:

1. An agreement on total allowable catches for Northeast Atlantic mackerel, Norwegian Spring Spawning (Atlanto-scandian) herring, and Northeast Atlantic blue whiting in line with scientific advice,
2. A long-term science-based management agreement.

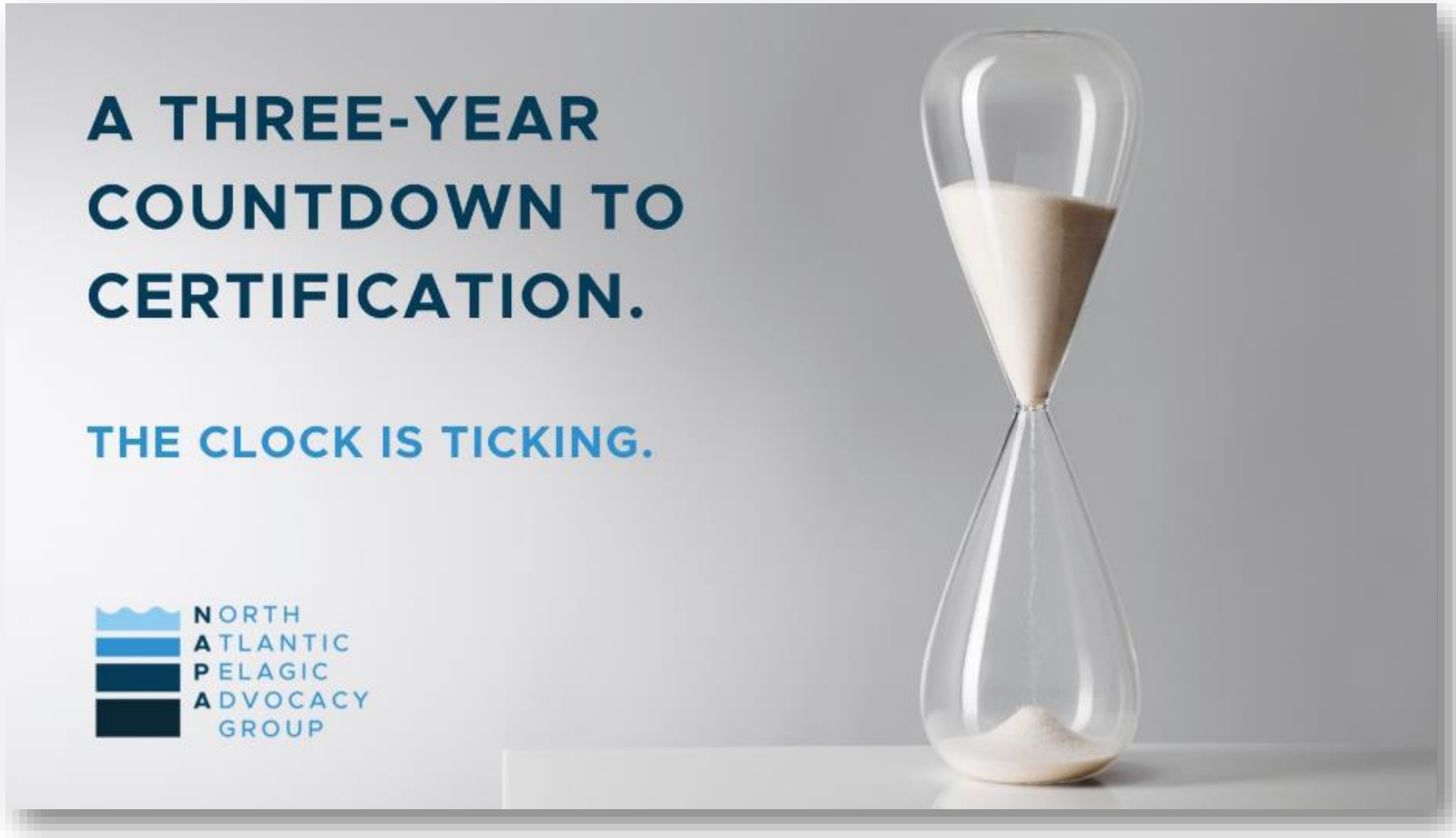
Supply Chain

PRINCES
ASDA
M&S EST. 1884
Ahold Delhaize
flatfish
northeast nutrition
FRIESENKRONE Aus Liebe zum Fisch
TESCO
Waitrose
Morrisons
Thai Union
HILTON SEAFOOD UK
Scottish Sea Farms
Groupe Gendreau L'imagination en boîte
LABEYRIE FINE FOODS
ALDI
Holtermann
co op
TripleNine
BioMar
Icewind
Sainsbury's
dawnfresh
Aquascot
Cargill
MOWI
HOFSETH AQUA
Karmsund Protein
INTERNATIONAL FISH CANNERS
NOR-SEA FOODS LTD
Young's
NEW ENGLAND SEAFOOD
SKRETTING a Nutreco company
falfish
LA DORIA
JAPANESE CONSUMERS' CO-OPERATIVE UNION CO·OP
INTERFISH Ltd
SAEBY
HAVSBRÚN
KARAVELA
ALDI
Appel

Trade

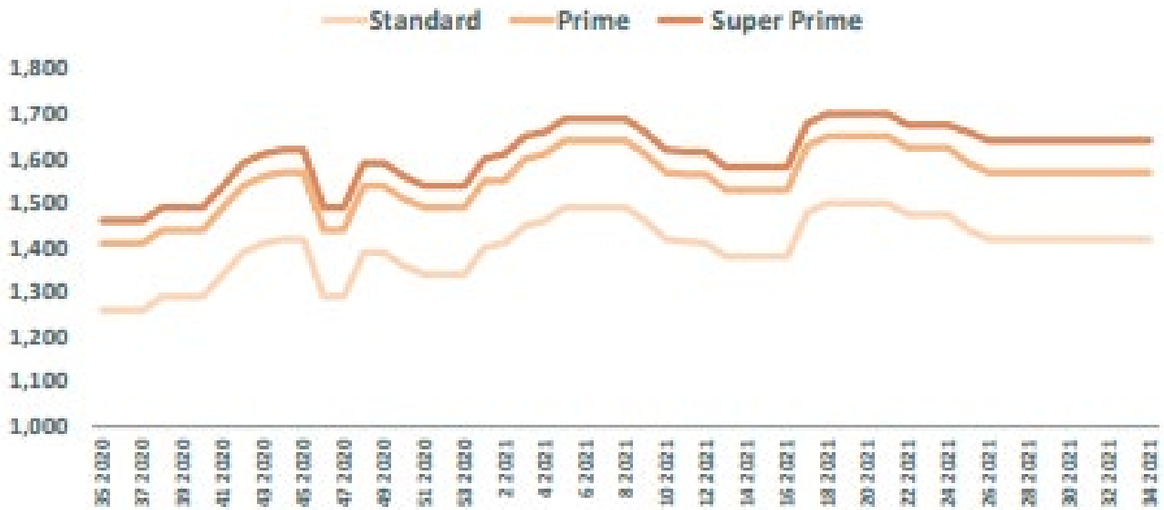
BRC
ptf PROVISION TRADE FEDERATION
FR Fiskbranschens Riksförbund
EUROPEAN FISHMEAL AND FISH OIL PRODUCERS
EuroCommerce for retail & wholesale

FISH MEAL, OIL AND SALMON FEED
MSC CERTIFICATION BLUE WHITING



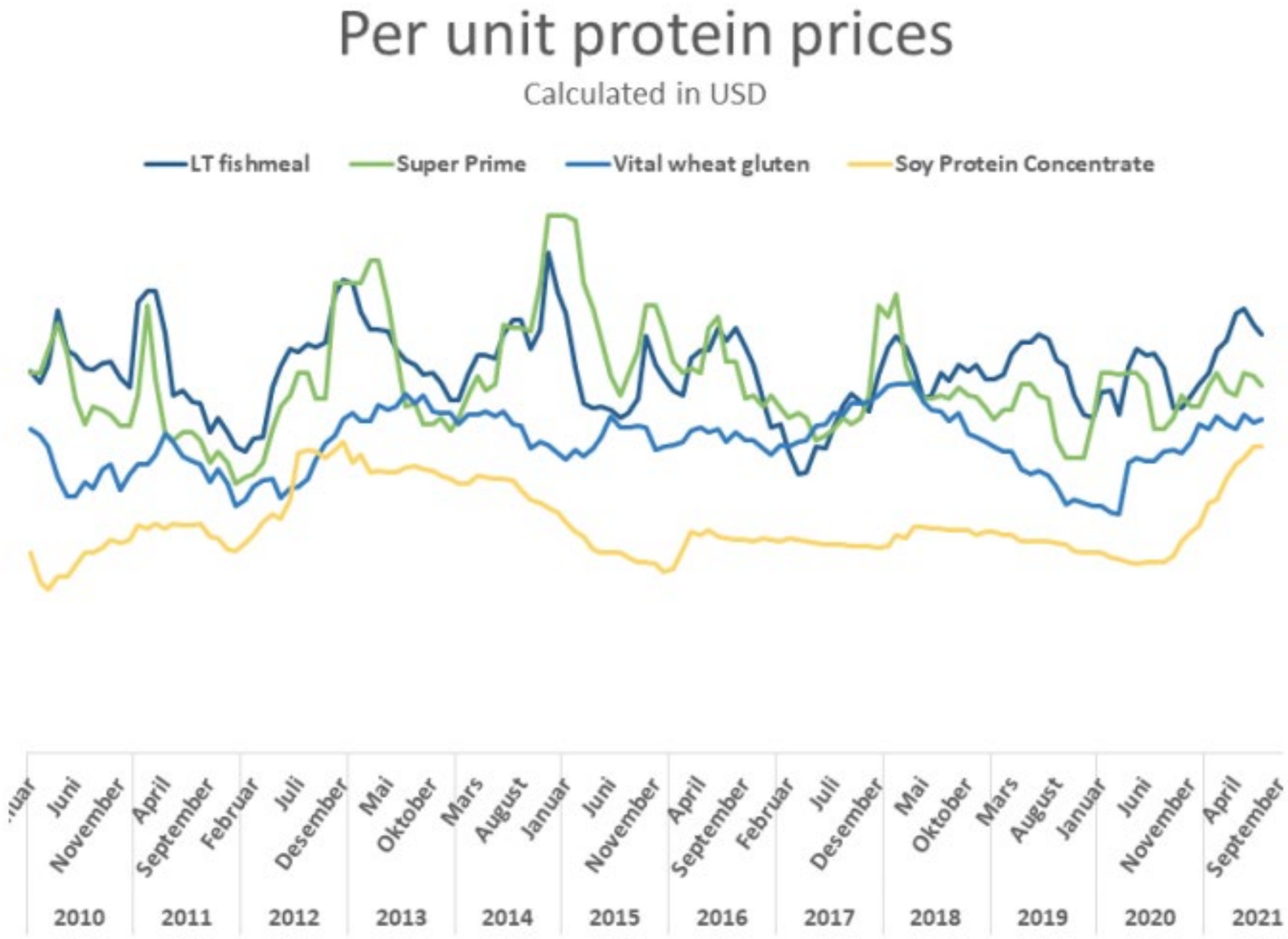
FISH MEAL, OIL AND SALMON FEED
DEVELOPMENT IN RAW MATERIAL PRICING

Fishmeal price



Fish oil price

FISH MEAL, OIL AND SALMON FEED
DEVELOPMENT IN RAW MATERIAL PRICING




THANK YOU

Bakkafrost presentation
A world-class company in the salmon industry

Capital Markets Day – Market, Brands & Products

Faroe Islands 14 September 2021

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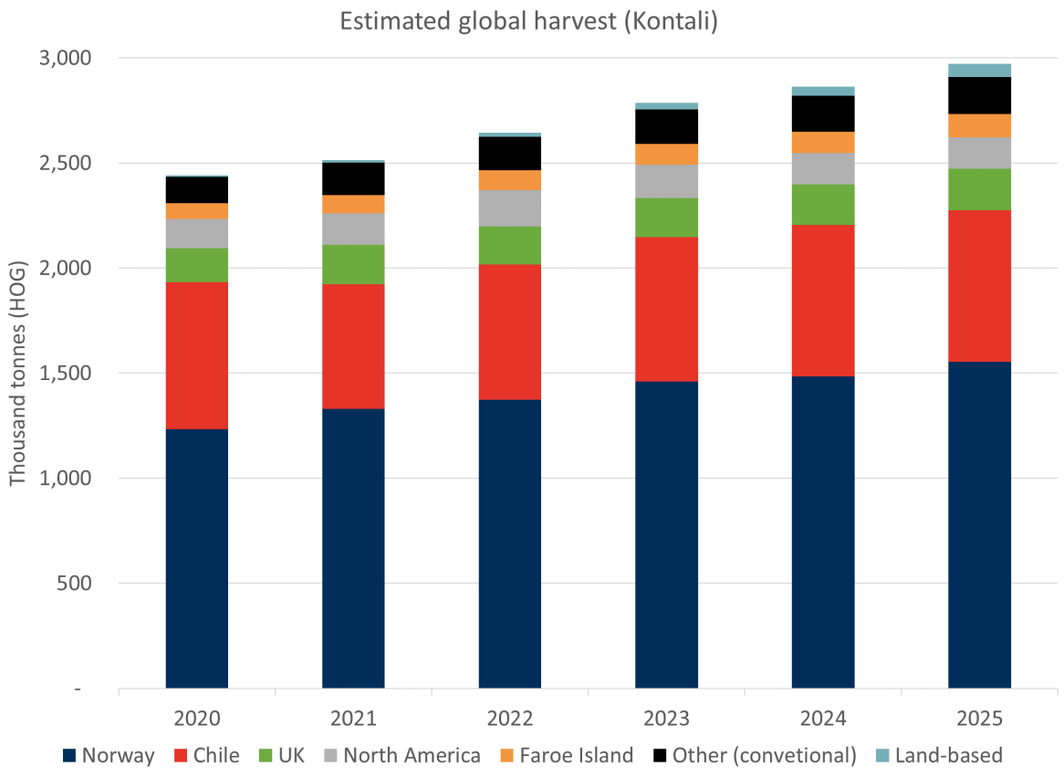
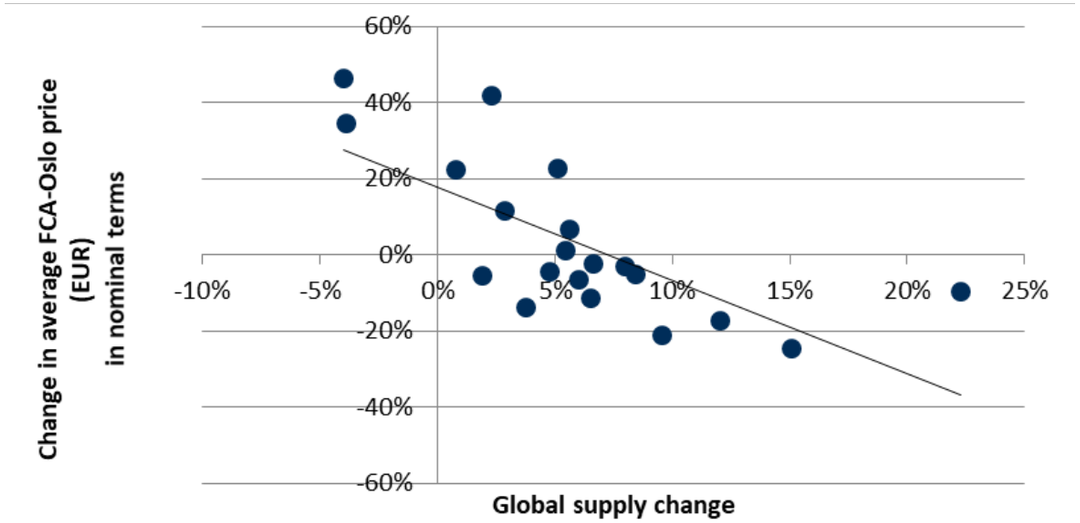
SUPPLY OUTLOOK

KONTALI 5 YEAR ESTIMATE – HISTORICAL SUPPLY DEMAND BALANCE

2020-2025 - 4% CAGR



MARKET BALANCE AT ~6-7% GROWTH



MARKET OUTLOOK
UNCERTAINTY & OPPORTUNITY

Supply uncertainties

- Availability of new licenses in Norway
- Supply fluctuations driven by biology
- Introduction of new technology

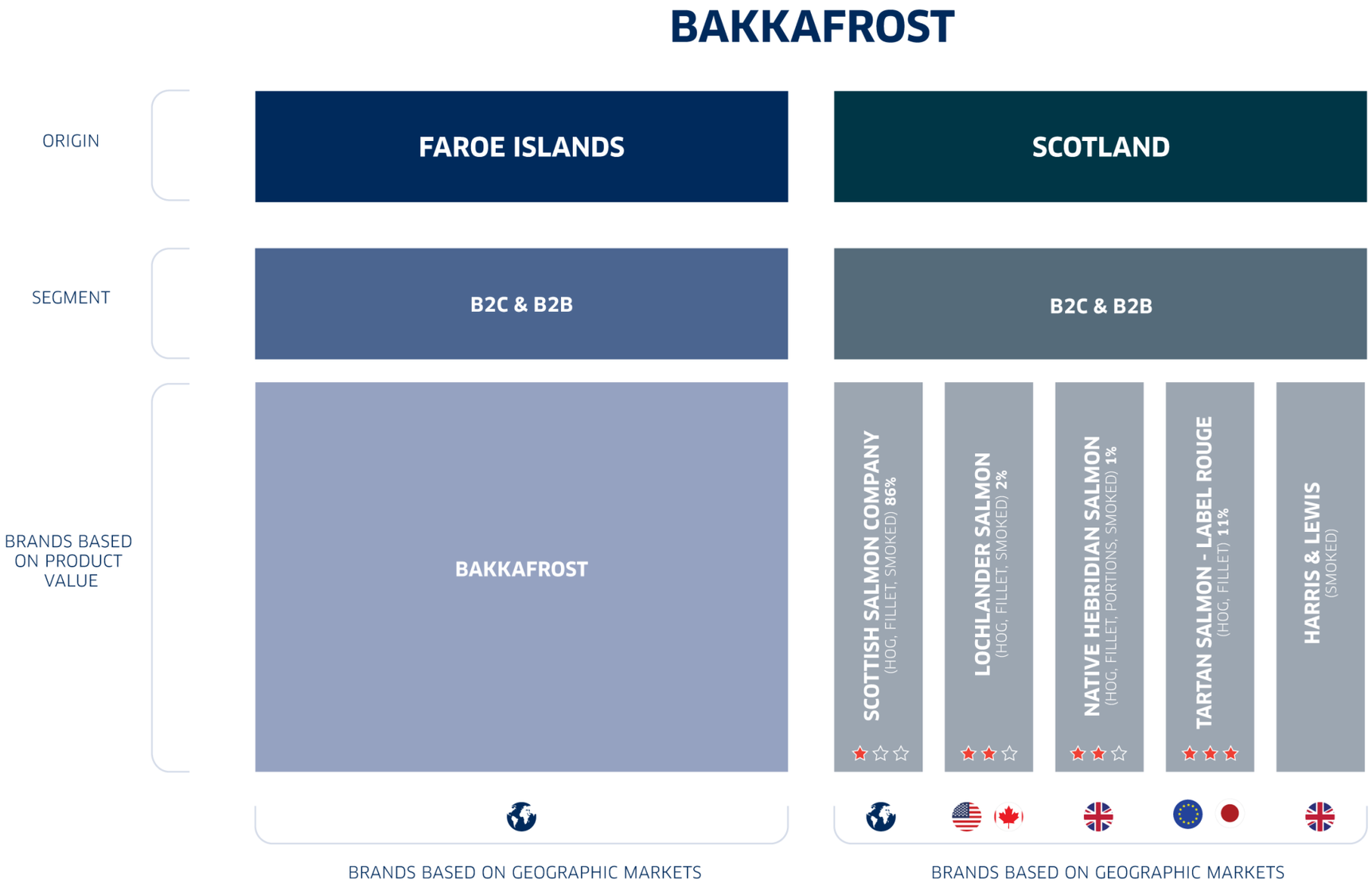
Demand opportunities

Well-placed to capitalise on:

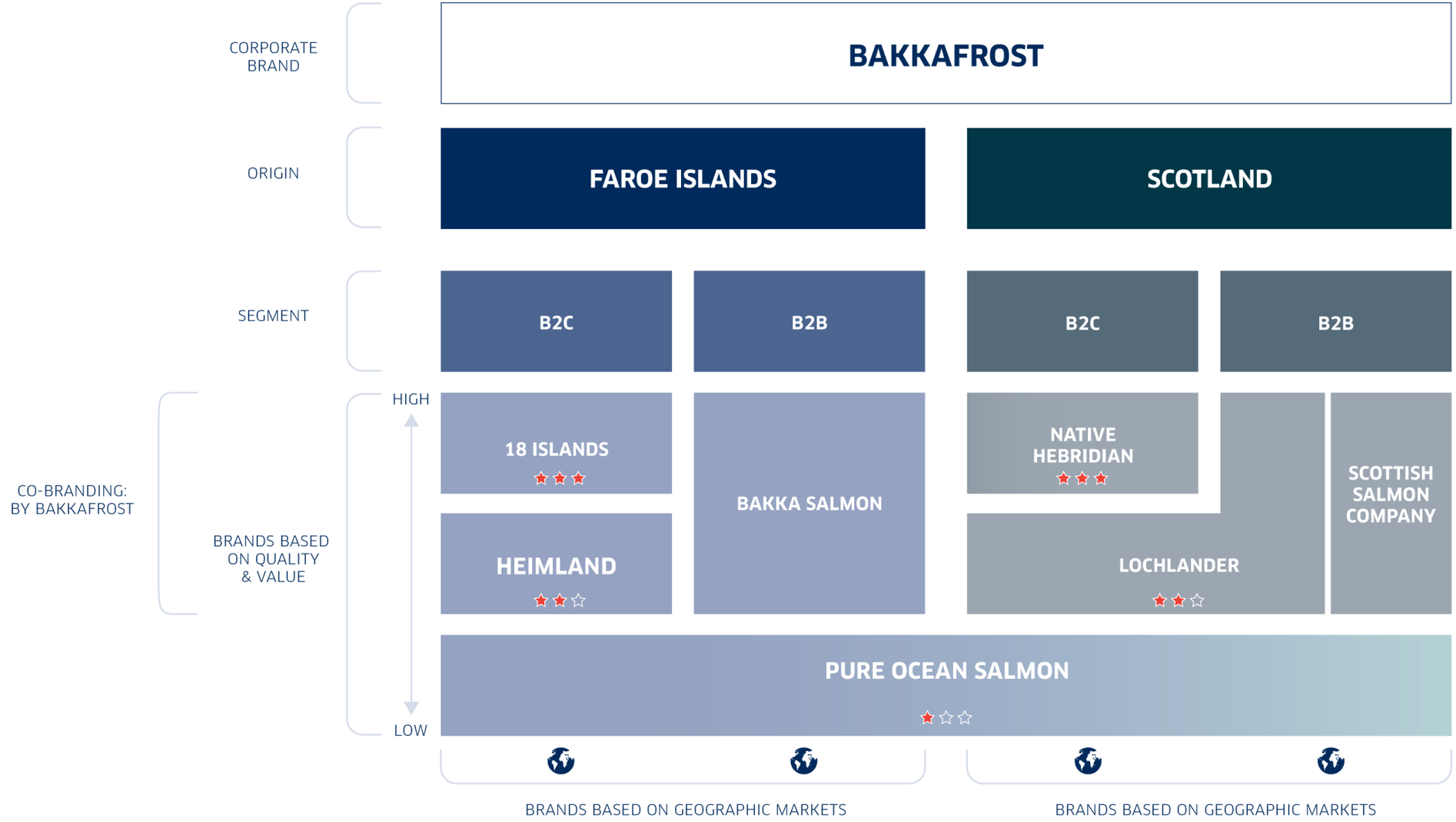
- Spike in demand from reduced Covid19 measures
  - Food service
  - Retail
- Mega trends of healthy eating, integrity and trust through integrated value chain
- ESG credentials
- Growth potential in existing markets and Free Trade opportunities
- Creating value through customer service, customer partnerships and meeting requirements in terms of quality
- Consumer product development
- Market differentiation

PRESENT BRAND STRATEGY IN THE BAKKAFROST GROUP

- Two origins
- Two different strategies



FUTURE BRANDS FOR BAKKAFROST



A SHORT INTRODUCTION TO THE BAKKAFROST BRANDS

SCOTLAND

NATIVE HEBRIDEAN™ TORADH NAN EILEAN

Label Rouge

LOCHLANDER™ SCOTTISH SALMON

BAP CERTIFIED

THE SCOTTISH SALMON COMPANY™

pure ocean salmon FROM SCOTLAND

BY BAKKAFROST EST. 1968

FAROE ISLANDS

18 ISLANDS

Finest selection from the Faroe Islands

HEIMLAND

A TASTE OF THE FAROE ISLANDS

FARMED RESPONSIBLY asc CERTIFIED ASC-AQUA.ORG™

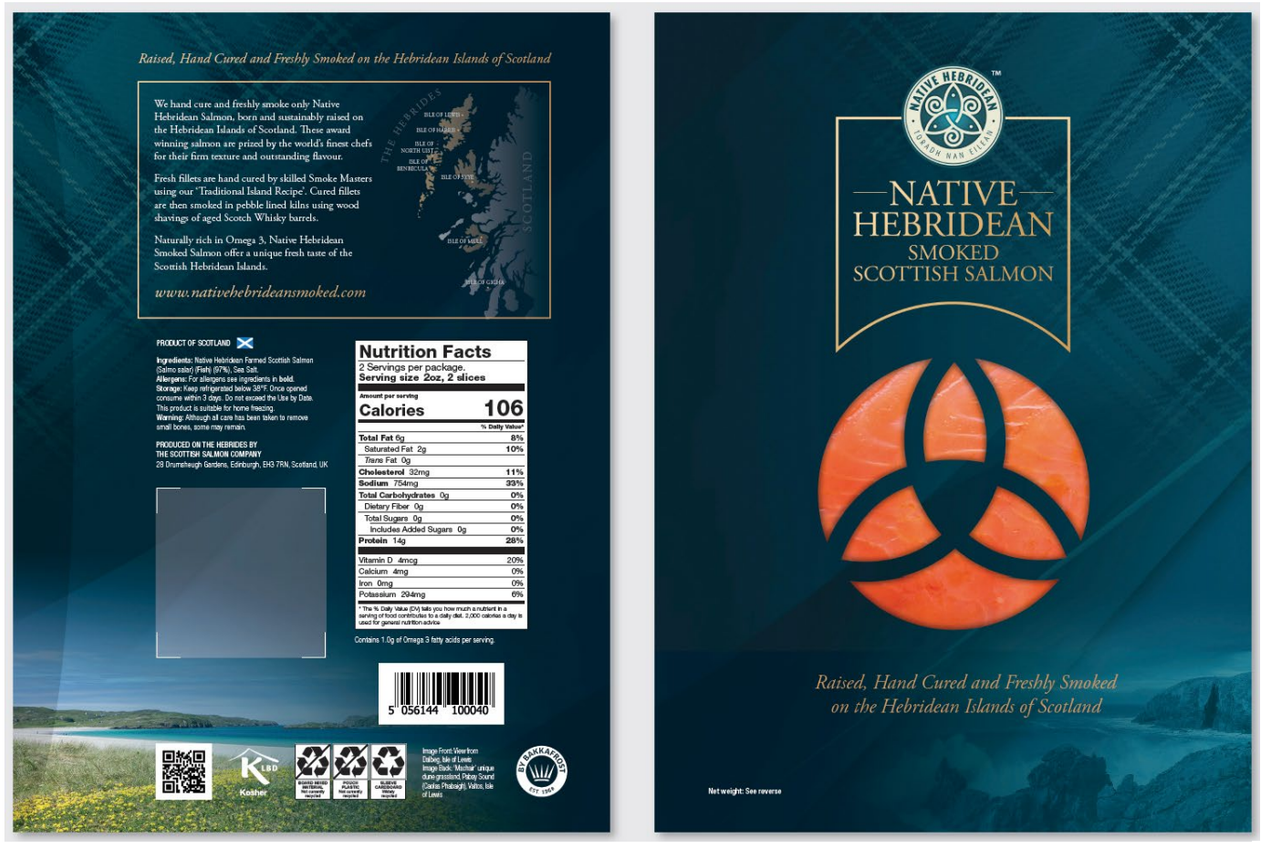
Ohne Gentechnik

BAKKA SALMON

pure ocean salmon FROM THE FAROE ISLANDS

Superior salmon from the FAROE ISLANDS

NATIVE HEBRIDEAN



great taste 2020

LOCHLANDER

LOCHLANDER™
SALMON

LOCHLANDER™
SALMON

Naturally Raised & Sea Loch Fresh

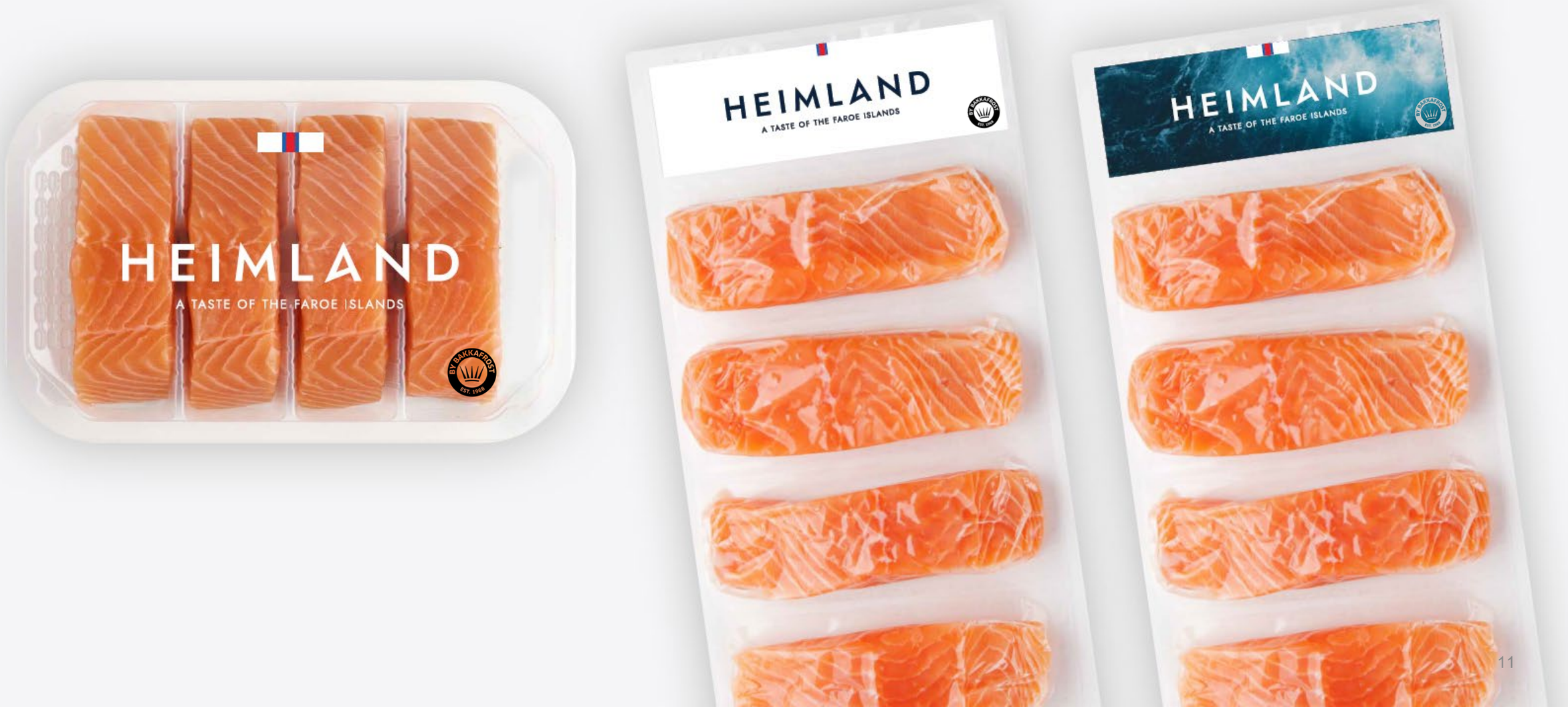
Exclusively from The Scottish Salmon Company

BY BAKKAFROST EST. 1968

18 ISLANDS


18 ISLANDS
Finest selection from the Faroe Islands
BY BAKKAFROST
EST. 1968
18
ISLANDS

HEIMLAND


HEIMLAND
A TASTE OF THE FAROE ISLANDS
BY BAKKAFROST
EST. 1968
HEIMLAND
A TASTE OF THE FAROE ISLANDS
HEIMLAND
A TASTE OF THE FAROE ISLANDS

PRODUCT RANGE

PRODUCT RANGE

PRODUCT RESEARCH & DEVELOPMENT

- Salmon Burgers
- Smoked salmon
- Sous Vide ”Ready” meal
- Reduce plastic in packaging
  - Use recyclable plastic
  - Use plastic produced of recycled plastic
- Production techniques and equipment

Prototype of Sous Vide consumer product

HEALTHY SALMON






THANK YOU

Bakkafrost presentation

A world-class company in the salmon industry

Capital Markets Day – Smolt and Broodstock

Faroe Islands 14 September 2021

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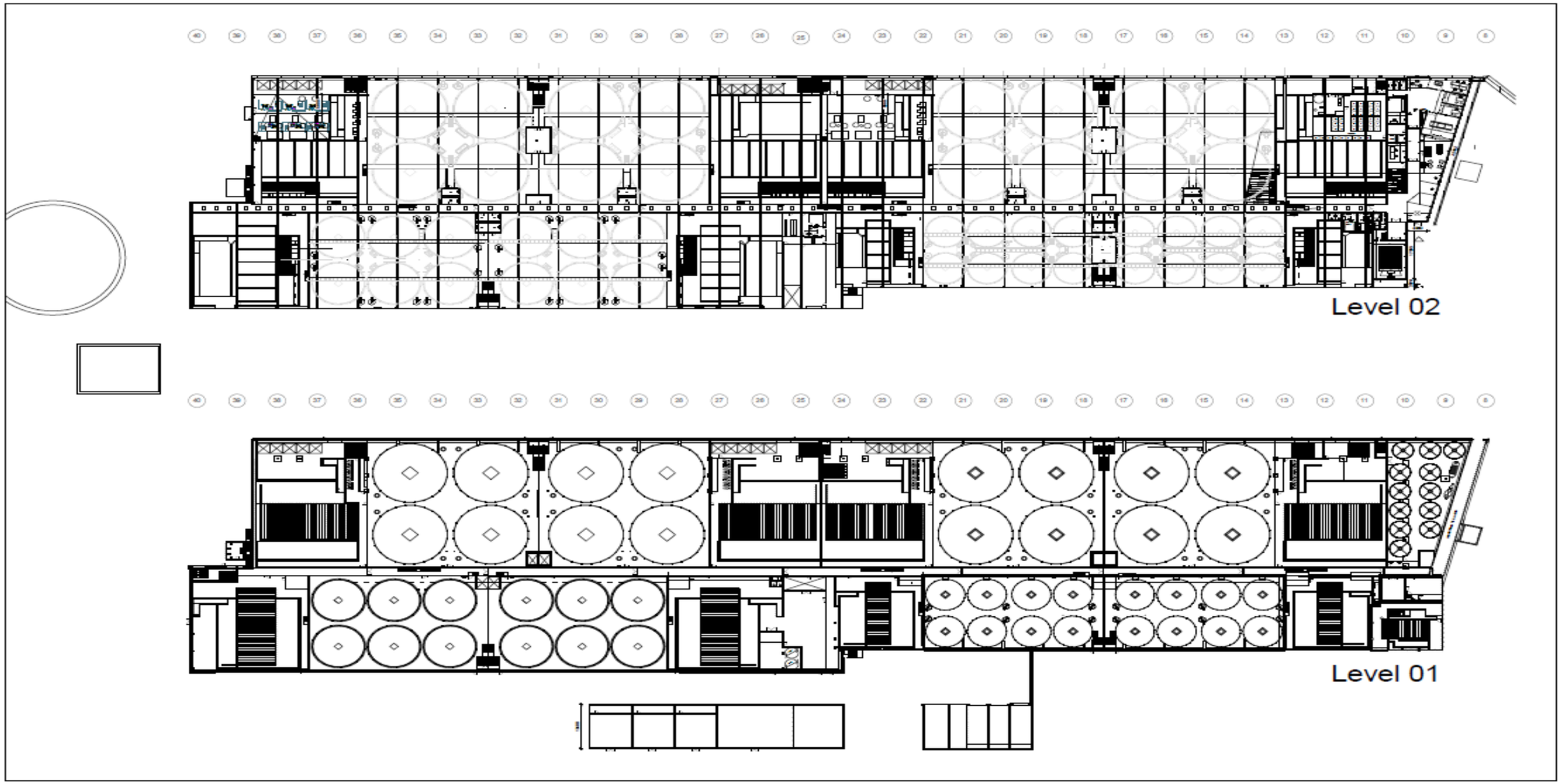
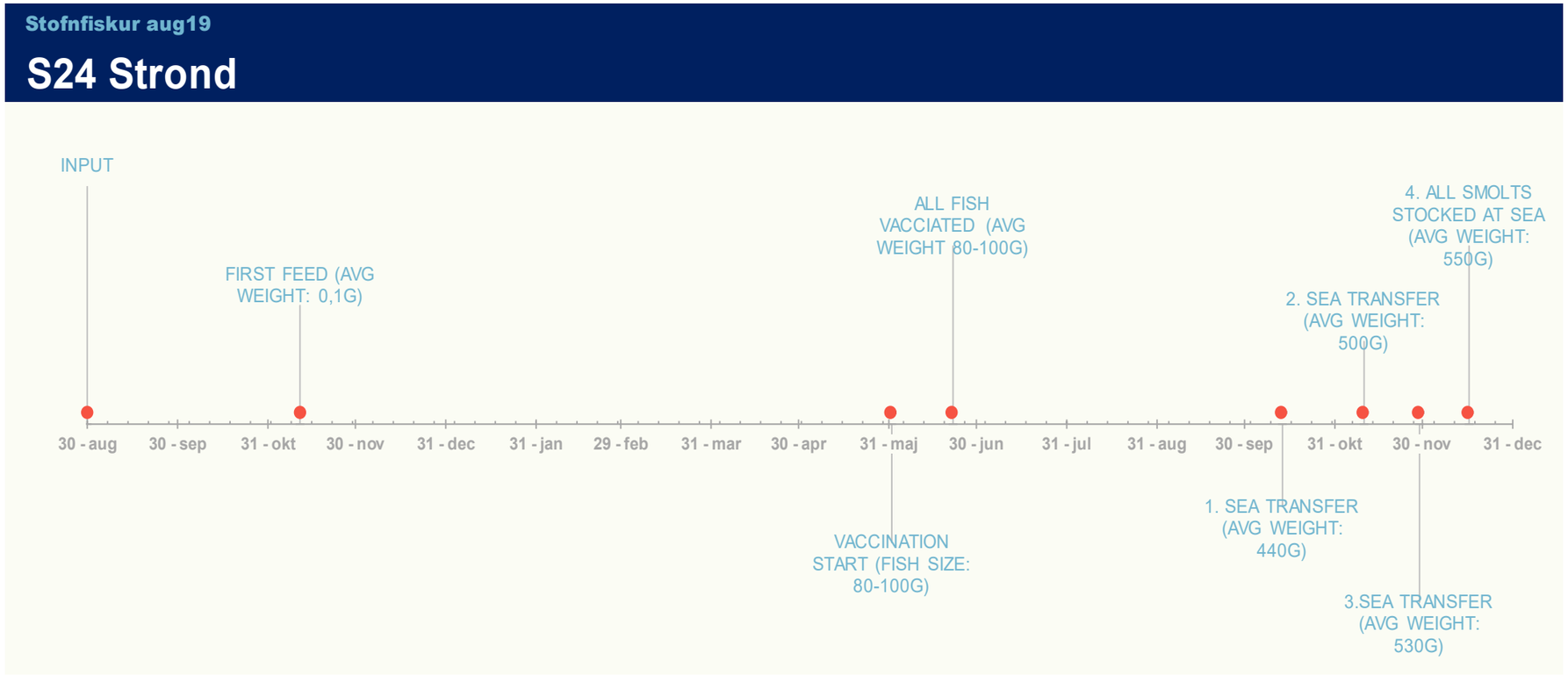
LARGE SMOLT – FAROE ISLANDS

STROND: 500G SMOLT PLANT (8 MILLION P.A.)



LARGE SMOLT – FAROE ISLANDS
BEST GROWTH CASE AT S24 STROND

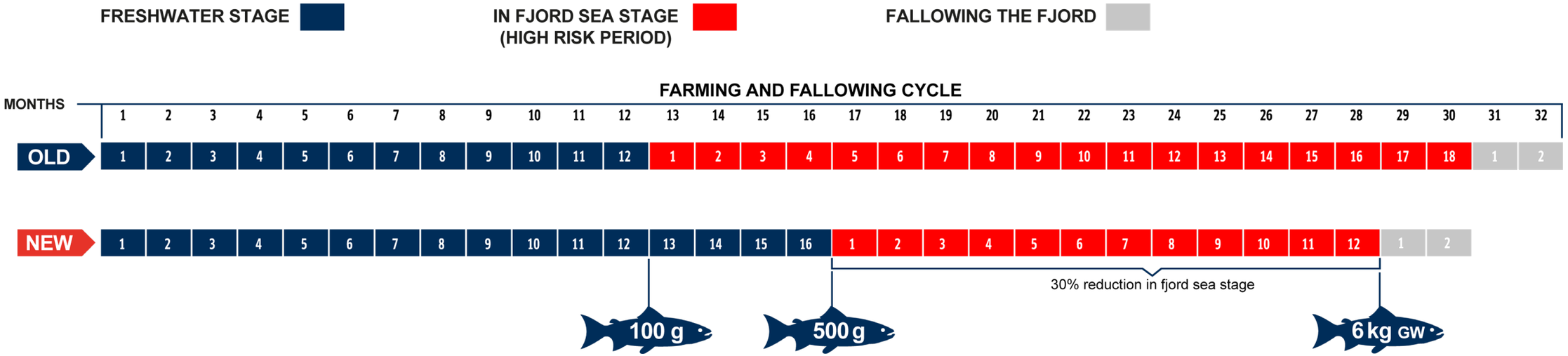
- Approx. 13½ months from input to the first sea transfer (440g)
- The last smolts of the Stofn aug19 batch was transfered to sea side approx. 16 months after input (550g).
- Growth depends on typically depends on good planning:
  - Temperature, water quality, fish welfare, availability of seasides



LARGE SMOLT STRATEGY
CONCEPT

Key benefits:

- Reduce biological risk
- Increase production efficiency
- Enable organic growth



LARGE SMOLT – FAROE ISLANDS
FACILITIES IN THE FAROE ISLANDS

Average weight and number of released smolt

2021

Hatchery	Water capacity (m3)	Production capacity (tons/year)
S03 Norðtoftir	5.150	649
S04 Húsar	1.350	170
S08 Gjógv	1.260	159
S16 Glyvradalur	1.537	194
S21 Viðareiði	11.248	1.417
S24 Strond	29.000	3.654
Total	**49.545**	**6.243**

2022

Hatchery	Water capacity (m3)	Production capacity (tons/year)
S03 Norðtoftir	5.150	680
S04 Húsar	1.350	178
S08 Gjógv	1.260	166
S16 Glyvradalur	1.537	203
S21 Viðareiði	12.568	1.659
S24 Strond	29.000	3.828
Total	**50.865**	**6.714**

2023

Hatchery	Water capacity (m3)	Production capacity (tons/year)
S03 Norðtoftir	17.150	2.264
S04 Húsar	1.350	178
S08 Gjógv	1.260	166
S16 Glyvradalur	14.450	1.907
S21 Viðareiði	12.568	1.659
S24 Strond	29.000	3.828
Total	**75.778**	**10.003**

2024

Hatchery	Water capacity (m3)	Production capacity (tons/year)
S03 Norðtoftir	17.150	2.470
S04 Húsar	1.350	194
S08 Gjógv	1.260	181
S16 Glyvradalur	14.450	2.081
S21 Viðareiði	12.568	1.810
S24 Strond	29.000	4.176
Total	**75.778**	**10.912**

2025

Hatchery	Water capacity (m3)	Production capacity (tons/year)
S03 Norðtoftir	17.150	2.264
S04 Húsar	1.350	178
S08 Gjógv	1.260	166
S16 Glyvradalur	14.450	1.907
S21 Viðareiði	12.568	1.659
S24 Strond	29.000	3.828
S25 Ónavík	9.860	1.302
Total	**85.638**	**11.304**

2026

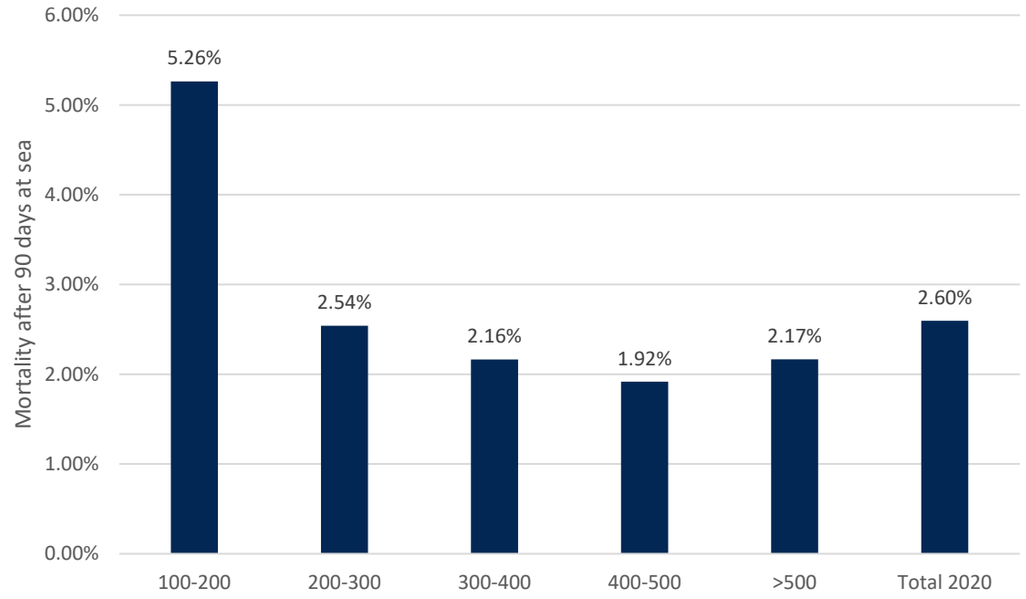
Hatchery	Water capacity (m3)	Production capacity (tons/year)
S03 Norðtoftir	17.150	2.470
S04 Húsar	1.350	194
S08 Gjógv	1.260	181
S16 Glyvradalur	14.450	2.081
S21 Viðareiði	12.568	1.810
S24 Strond	29.000	4.176
S25 Ónavík	9.860	1.420
Total	**85.638**	**12.332**

LARGE SMOLT – FAROE ISLANDS
OBSERVATIONS FROM USE OF LARGE SMOLT

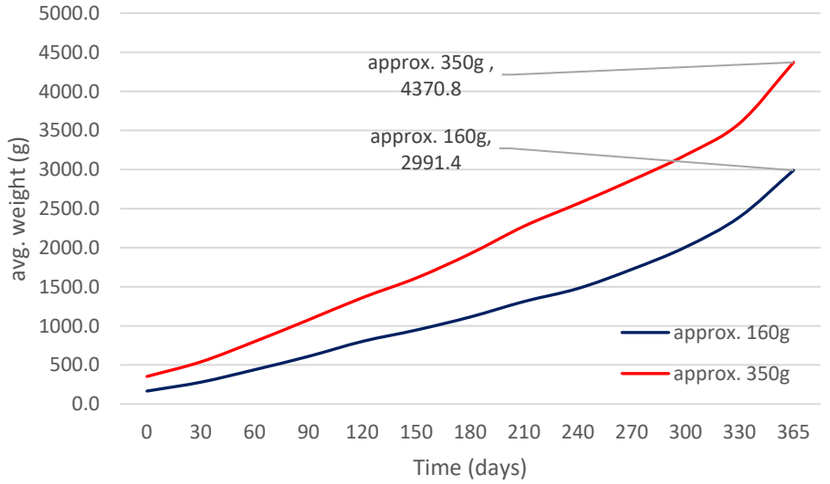
Observations:

- Reduced 90d mortality
- Faster growth

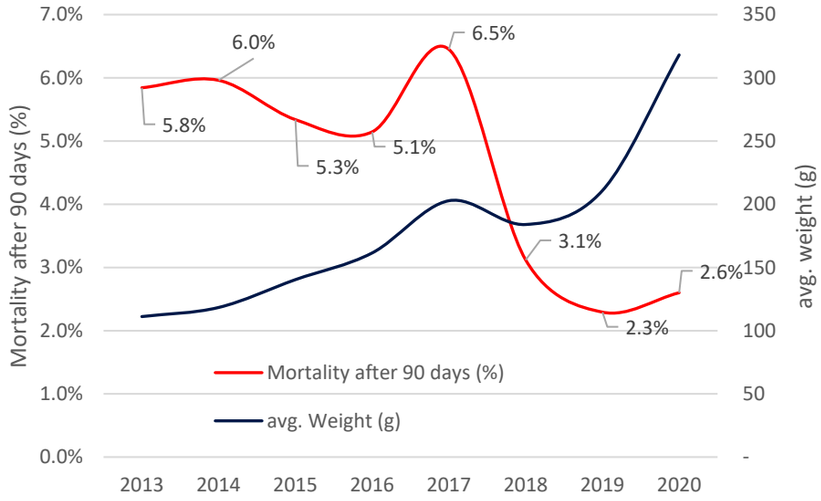
90d mortality vs. smolt size groups



Growth rate



90d mortality falling as our smolt size has increased



LARGE SMOLT – FAROE ISLANDS
NORÐTOFTIR EXPANSION

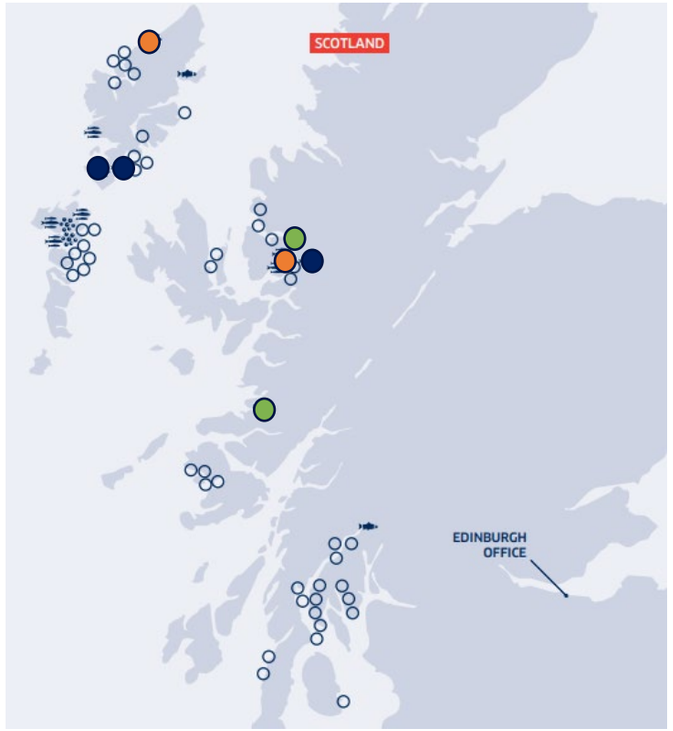
LARGE SMOLT – FAROE ISLANDS
GLYVRADAL EXPANSION

OUR ROUTEMAP TO LARGER SMOLT IN SCOTLAND

EXISTING SMOLT PLANTS IN SCOTLAND

Harris Lochs
Freshwater Loch

Geocrab
Flow-thru
1470 m3



Couldoran
FT - 700m3
RAS – 500m3

Loch Damph
FW Loch

Kinlochmoidart
FT 220m3
RAS – 800 m3

Barvas
Flow-thru
730 m3

3rd Party Smolt
Flow-thru
Loch rearing

45% → 1 – 3 years → <10%

Russel Burn
Flow-thru
1380 m3

OUR ROUTEMAP FOR LARGER SMOLT IN SCOTLAND

APPLECROSS – OUR FIRST FULLY INTEGRATED RAS IN SCOTLAND

Phase 1

RAS Hatchery
Fry RAS

OPERATIONAL

Phase 2 & 3

Parr RAS
Smolt RAS

COMMISSIONING

Phase 4

Post smolt RAS

BUILD

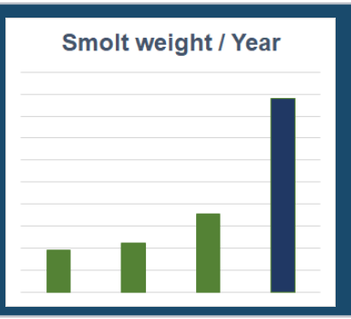
Phase 5

Post smolt RAS

PLANNING

18,320 m³
12m eggs/year
8m smolt @ 250g

+10,000 m³
8m smolt
@ 500g



OUR ROUTEMAP TO LARGER SMOLT IN SCOTLAND
GROWTH; TRANSFORM

NEW FACILITIES

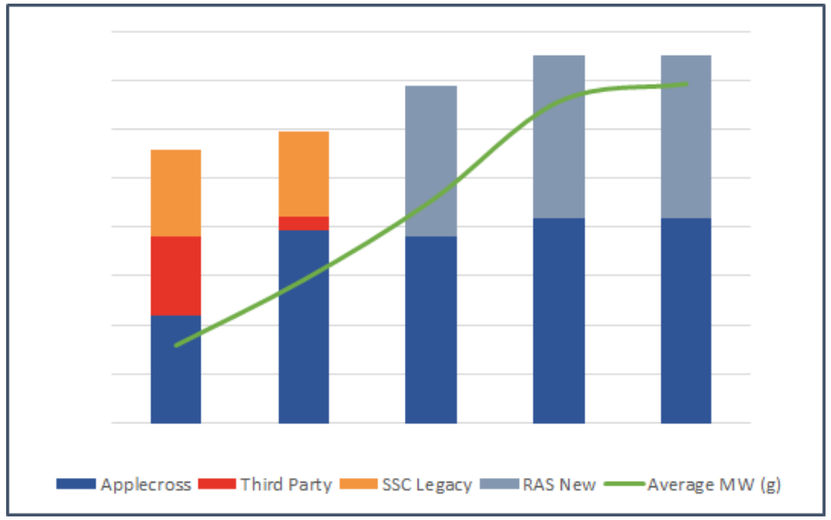
36,000 m3
Production capacity increase up to 10m smolt @ 500g

GROWTH - TRANSFORM

Current		5 Yrs
	HATCHERIES	
7 Sites		2 / 3 Sites
Capacity **10.7k m3**		Capacity to **64k+ m3**
6.0m @ **85g**		18m+ capacity @ **500g**

OUR ROUTEMAP TO LARGER SMOLT IN SCOTLAND

THE FRESHWATER IMPACT ON OUR MARINE STRATEGY

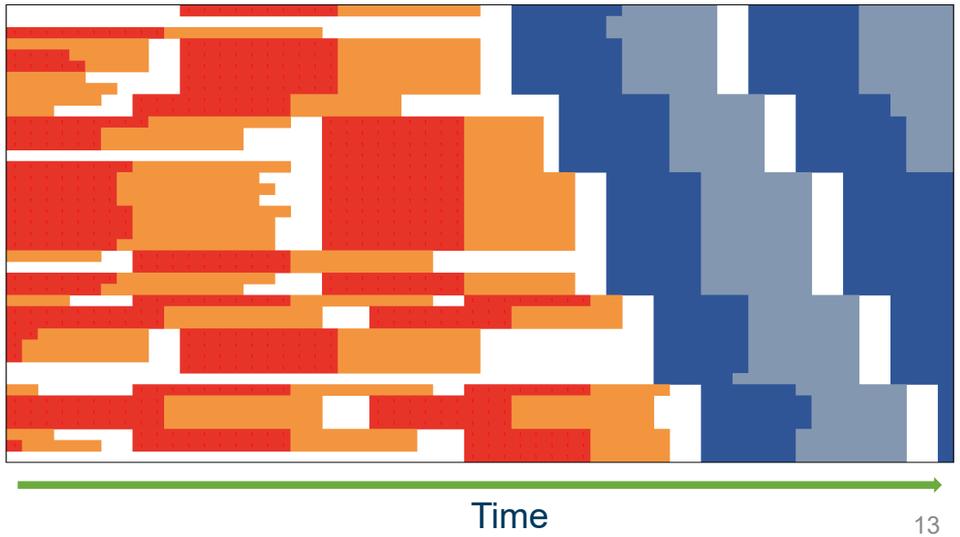


Freshwater Strategy

- 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

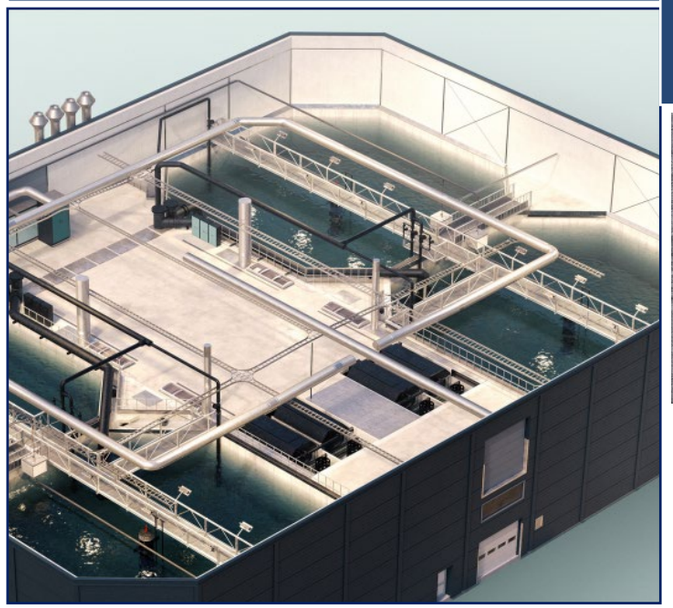
Marine Impact

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



SUMMARY OF OUR FRESHWATER STRATEGY
FROM TRANSFORMATION TO DIFFERENTIATION

Transform all Freshwater operations from Flow-thru to RAS



Gradual Increase Smolt size from 85 to 500g

Scottish Provenance

NATIVE HEBRIDEAN SCOTTISH SALMON

THE SCOTTISH BROODSTOCK PROGRAMME
THE HISTORY OF OUR BROODSTOCK

NATIVE HEBRIDEAN: The only truly Scottish farmed salmon

2006-2008
Local Scottish wild stock captured

2009 – 2015
Mass selection programme

Stock selected from production sites

2016
Family Breeding Programme

2017
First Families to marine sites & rearing in SW tanks.

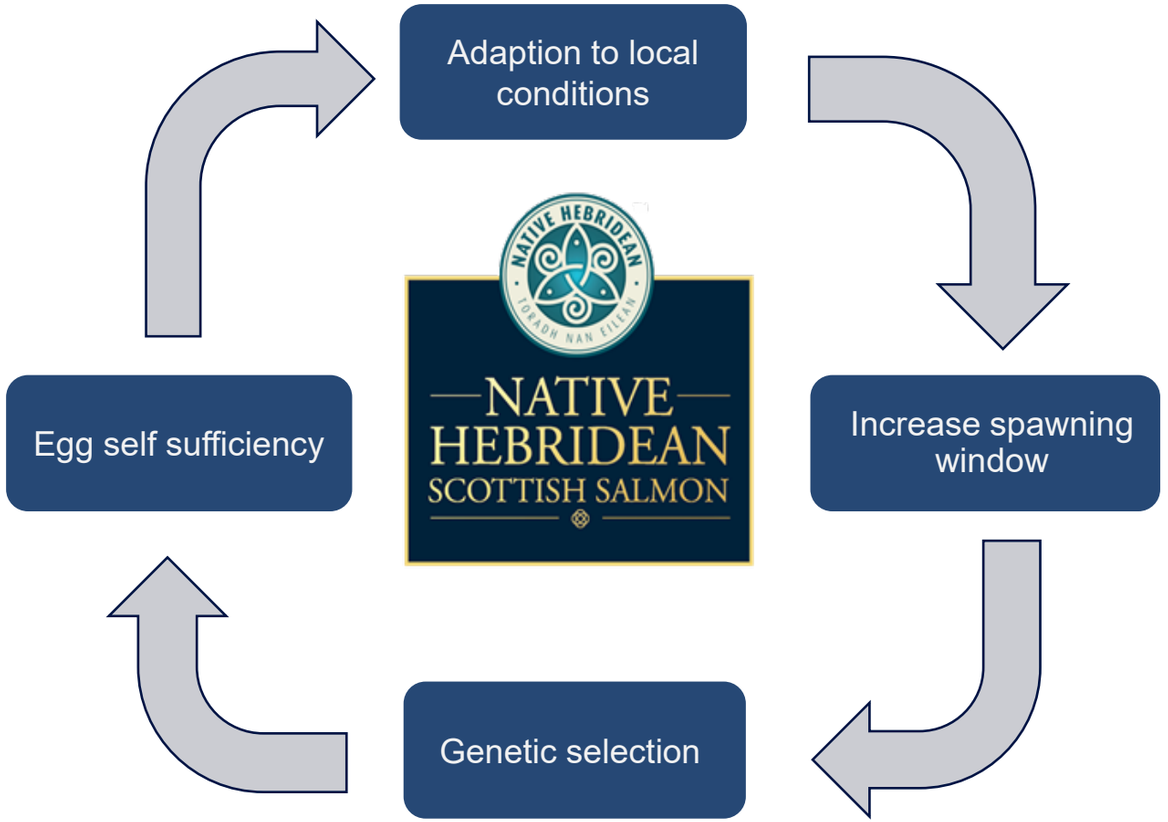
2018-2021
All Year Classes genotyped

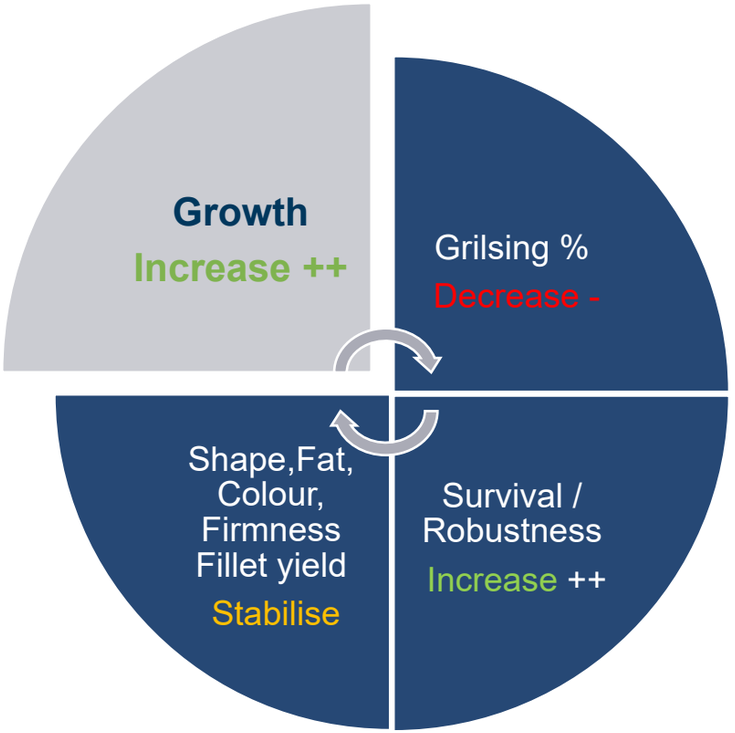
Individually tested for IPN Sentinel populations

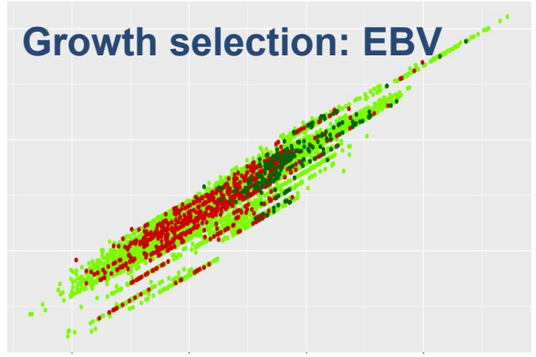
DNA assisted markers for family identification

Multipliers speed up genetic improvement

THE SCOTTISH BROODSTOCK PROGRAMME
OUR 'TRULY SCOTTISH' OPPORTUNITY







BROODSTOCK – FAROE ISLANDS
SELECTING FOR HEALTHY AND ROBUST FISH

- Government-run program since late 1970'ies to around 2013

- Bakkafrost took over – developed around 1,000 families
- This selection comprises, an increased resistance to:

  - ✓ **PMCV/CMS** (piscine myocarditis virus / cardiomyopathy syndrome)
  - ✓ **IPN** (infectious pancreatic necrosis)
  - ✓ **PD** (pancreas disease)
  - ✓ **PRV/HSMI** (piscine orthoreovirus / heart - and skeletal muscle inflammation)

Next goal: Sea lice resistance

BROODSTOCK – FAROE ISLANDS
ORIGIN BASED GENETICS PROGRAMME & LARGE ONGOING EXPANSION

Bakkafrost owns the Intellectual Rights of two origin-based salmon strains:

BAKKAFROST ESTABLISHED 1968 FAROESE BROODSTOCK PROGRAMME

Broodstock programme and historical data since 1978

NATIVE HEBRIDEAN SCOTTISH SALMON

Broodstock programme based on wild salmon in outer Hebrides

- ✓ Market differentiation (provenance)
- ✓ Better control and more predictable quality
- ✓ Robust smolt resistant to deceases
- ✓ Short learning cycles and rapid advancements due to integral broodstock programme (FO)

Bakkafrost is building a new large broodstock facility in the Faroe Islands with annual production of 70 million eggs