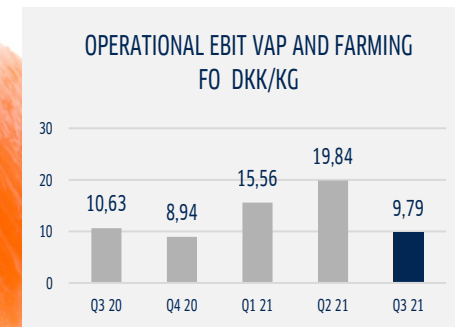
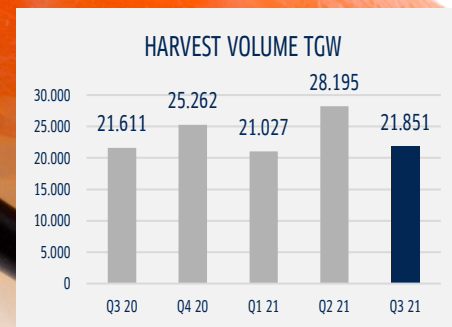
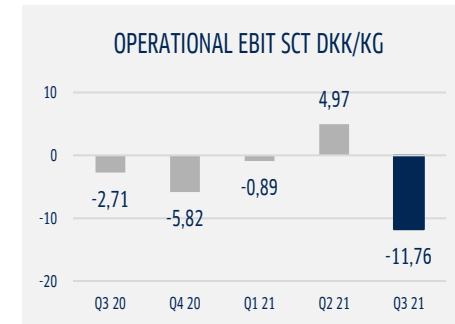
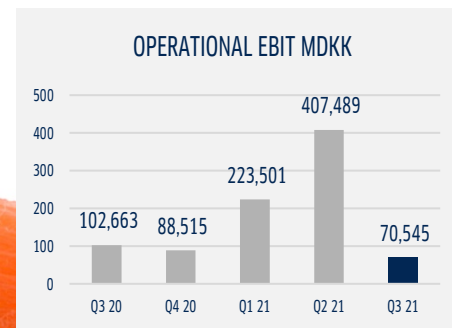


# INTERIM REPORT

Q3 2021  
and  
First Nine Months  
of 2021

Faroese Company Registration No. 1724

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



  
**BAKKAFROST**

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## Highlights

DKK 1,000	Q3 2021	Q3 2020	YTD 2021	YTD 2020	DKK 1,000	Q3 2021	Q3 2020	YTD 2021	YTD 2020
<b>INCOME STATEMENT</b>					<b>FINANCIAL POSITION AND CASH FLOW</b>				
Group - Operating revenue	1,272,362	1,123,147	4,065,533	3,512,595	Total Assets***	14,258,579	13,208,324	14,258,579	13,208,324
Group - Operational EBIT*	70,545	102,663	701,535	532,643	Equity***	9,523,643	8,729,487	9,523,643	8,729,487
Group - EBIT	161,576	217,739	1,196,557	621,893	Equity ratio***	67%	66%	67%	66%
Group - Profit for the period	131,302	176,822	967,161	500,522	Net interest-bearing debt***	1,986,271	1,752,751	1,986,271	1,752,751
					Cash flow from operations	267,024	104,549	935,958	581,197
Operational EBIT* (FO Farming and VAP) (DKK)	146,195	118,394	712,919	444,893	Cash flow from financing	-136,477	62,645	-206,713	-971,771
Operational EBIT/kg (FO Farming and VAP) (DKK)	9.79	10.63	15.32	12.81					
Operational EBIT/kg (FO Farming and VAP) (NOK)	13.59	15.24	21.07	18.36					
					<b>PROFITABILITY</b>				
Farming Faroe Islands - Operating revenue	759,450	530,077	2,365,927	1,736,799	Basic earnings per share (DKK)	2.22	2.99	16.38	8.47
Farming Faroe Islands - Operational EBIT*	135,075	96,612	621,535	385,287	Diluted earnings per share (DKK)	2.22	2.99	16.38	8.47
Farming Faroe Islands - Operational EBIT margin	18%	18%	26%	22%	ROCE**	0.5%	0.9%	5.3%	4.5%
Farming Faroe Islands - Operational EBIT/kg (DKK)	9.04	8.68	13.36	11.09					
Farming Faroe Islands - Operational EBIT/kg (NOK)	12.56	12.43	18.37	15.90	<b>VOLUMES</b>				
					Harvested Faroe Islands (tgw)	14,937	11,135	46,523	34,743
Farming Scotland - Operating revenue	356,038	416,639	1,237,051	1,206,464	Harvested Scotland (tgw)	6,914	10,476	24,550	25,681
Farming Scotland - Operational EBIT*	-81,284	-28,407	-35,723	30,127	Farming FO transferred to VAP (tgw)	5,299	5,313	15,481	17,141
Farming Scotland - Operational EBIT margin	-23%	-7%	-3%	2%	VAP produced (tgw)	5,334	5,346	15,577	16,906
Farming Scotland - Operational EBIT/kg (DKK)	-11.76	-2.71	-1.46	1.17	Sold feed tonnes	44,973	39,869	95,962	81,113
Farming Scotland - Operational EBIT/kg (NOK)	-16.32	-3.89	-2.00	1.68	Internal feed sales tonnes	42,981	34,353	92,610	64,829
					Smolt released thousand Faroe Islands (pcs)	3,769	3,556	9,255	8,741
VAP - Operating revenue	266,690	246,822	835,992	828,893	Smolt released thousand Scotland (pcs)	3,253	2,605	6,949	6,472
VAP - Operational EBIT*	11,120	21,782	91,384	59,606					
VAP - Operational EBIT margin	4%	9%	11%	7%					
VAP - Operational EBIT/kg (DKK)	2.08	4.07	5.87	3.53					
VAP - Operational EBIT/kg (NOK)	2.89	5.84	8.07	5.05					
FOF - Operating revenue	556,914	481,479	1,225,893	1,060,059					
FOF - EBITDA	111,231	69,466	216,913	159,599					
FOF - EBITDA margin	20.0%	14.4%	17.7%	15.1%					
NOK/DKK (average)	72.02	69.79	72.73	69.75					

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

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

\*\*\* Comparing figures from end 2020

## Summary of the 3<sup>rd</sup> Quarter 2021 and the First Nine Months of 2021

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

**The Bakkafrost Group delivered a total operating EBIT of DKK 70.5 million in Q3 2021.**

**Total harvested volumes were 21.9 thousand tonnes gutted weight (tgw). Faroe Islands (FO): 14.9 tgw, Scotland (SCT): 6.9 tgw.**

**The combined FO farming and VAP segments made an operational EBIT of DKK 146.2 million. The FO farming segment made an operational EBIT of DKK 135.1 million. The SCT farming segment made an operational EBIT of DKK -81.3 million.**

**The VAP segment made an operational EBIT of DKK 11.1 million. The EBITDA for the FOF segment was DKK 111.2 million.**

The Group made a profit for Q3 2021 of DKK 131.3 million (DKK 176.8 million). For the first nine months of 2021, the profit was DKK 967.2 million (DKK 500.5 million).

Total harvested volumes for Q3 2021 were 21,851 tonnes gutted weight. FO: 14,937 tgw (11,135 tgw), SCT: 6,914 tgw (10,476). Total harvested volumes in the first nine months of 2021 were 71,075 tgw (60,424 tgw). FO: 46,523 tgw (34,743 tgw), SCT: 24,550 tgw (25,681 tgw).

In total, 7.0 million (6.2 million) smolts were transferred during Q3 2021. FO: 3.8 million (3.6 million), SCT: 3.2 million (2.6 million). In the first nine months 2021, 16.2 million (15.2 million) smolts were transferred. FO: 9.3 million (8.7 million), SCT 7.0 million (6.5 million).

The combined FO farming and VAP segments made an operational EBIT of DKK 146.2 million (DKK 118.4 million) in Q3 2021. The operational EBIT per kg in Q3 2021 was DKK 9.79 (DKK 10.63), which corresponds to NOK 13.59 (NOK 15.24) for the combined FO farming and VAP segments. For the first nine months of 2021, the combined FO farming and VAP segments made an operational EBIT of DKK 712.9 million (DKK 444.9 million).

The FO farming segment made an operational EBIT of DKK 135.1 million (DKK 96.6 million) in Q3 2021. The harvested volumes were higher, and the achieved prices were higher in Q3 2021, compared to Q3 2020. For the first nine months of 2021, the operational EBIT was DKK 621.5 million (DKK 385.3 million).

The SCT farming segment made an operational EBIT of DKK -81.3 million (DKK -28.4 million) in Q3 2021. Costs of DKK 68.6 million relate to incident-based mortality in Q3 2021. For the first nine months of 2021, the operational EBIT was DKK -35.7 million (DKK 30.1 million).

The VAP segment made an operational EBIT of DKK 11.1 million (DKK 21.8 million) for Q3 2021. For the first nine months of 2021, the operational EBIT was DKK 91.4 million (DKK 59.6 million).

The FOF segment (fishmeal, oil and feed) made an EBITDA of DKK 111.2 million (DKK 69.5 million) for Q3 2021, and the EBITDA margin was 20.0% (14.4%). The EBITDA was DKK 216.9 million (DKK 159.6 million) for the first nine months of 2021, corresponding to an EBITDA margin of 17.7% (15.1%).

During Q3 2021, Havsbrún sourced 17,224 tonnes (24,101 tonnes) of raw material, and in the first nine months of 2021, Havsbrún sourced 125,060 tonnes (211,420 tonnes) of raw material.

The Group has been impacted by the market disruption from Covid-19 from late Q1 2020.

The net interest-bearing debt amounted to DKK 1,986 million at the end of Q3 2021, compared to DKK 1,753 million at year-end 2020. Undrawn credit facilities amounted to DKK 1,439 million at the end of Q3 2021.

The equity ratio was 67% on 30 September 2021, compared to 66% at the end of 2020.

## Financial Review

### Income Statement

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

The Group's operating revenue amounted to DKK 1,272.4 million (DKK 1,123.1 million) in Q3 2021, and for the first nine months of 2021, the operating revenue amounted to DKK 4,065.5 million (DKK 3,512.6 million).

The FO farming segment's harvest volumes were higher, and the achieved prices were higher in Q3 2021, compared to the same quarter last year. The VAP segment had a slightly higher revenues because of higher sold volumes in Q3 2021, compared to Q3 2020. The SCT Farming segment had a lower revenue mainly because of lower harvest volume. The FOF segment had higher revenue in Q3 2021, compared to Q3 2020, due to a slightly higher sales of fishmeal and higher sales of fish feed in Q3 2021, compared to Q3 2020.

The Group's operational EBIT was DKK 70.5 million (DKK 102.7 million) in Q3 2021. For the first nine months of 2021, the Group's operational EBIT was DKK 701.5 million (DKK 532.6 million).

The combined FO farming and VAP segments had higher operational EBIT in Q3 2021, compared to Q3 2020. Farming Scotland's operational EBIT was DKK -81.3 million (DKK -28.4 million), whereof cost of incident based mortality is DKK 68.6 million (DKK 40.9 million). The FOF segment had higher EBITDA in Q3 2021, compared to Q3 2020.

The fair value adjustment of the Group's biological assets amounted to DKK 113.7 million (DKK 124.4 million) in Q3 2021. For the first nine months of 2021, the fair value adjustment amounted to DKK 574.8 million (DKK 140.4 million).

Change in provisions for onerous contracts amounted to DKK 0 million (DKK 0 million) in Q3 2021. For the first nine months of 2021, the change in provisions for onerous contracts amounted to DKK 0 million (DKK 0 million).

The revenue tax amounted to DKK -30.6 million (DKK -9.4 million) in Q3 2021. For the first nine months of 2021, the revenue tax was DKK -92.2 million (DKK -51.1 million).

Net financial items in Q3 2021 were DKK -3.4 million (DKK -22.5 million). For the first nine months of 2021, net interests were DKK -15.2 million (DKK -36.5 million).

Net taxes amounted to DKK -26.8 million (DKK -18.4 million) in Q3 2021. For the first nine months of 2021, net taxes amounted to DKK -214.2 million (DKK -84.9 million).

The result for Q3 2021 was DKK 131.3 million (DKK 176.8 million), and for the first nine months of 2021, the result was DKK 967.2 million (DKK 500.5 million).

### Statement of Financial Position

(Figures in parenthesis refer to end last year).

The Group's total assets amounted to DKK 14,258.6 million (DKK 13,208.3 million) at the end of Q3 2021.

Intangible assets amounted to DKK 4,495.2 million (DKK 4,493.4 million) at the end of Q3 2021.

Property, plant and equipment amounted to DKK 4,742.2 million (DKK 4,220.6 million) at the end of Q3 2021. Right of use assets amounted to DKK 308.9 million (DKK 353.2 million) in Q3 2021. Bakkafrøst made investments in PP&E amounting to DKK 310.0 million during Q3 2021.

Non-current financial assets amounted to DKK 132.3 million (DKK 122.5 million) at the end of Q3 2021.

The carrying amount (fair value) of biological assets amounted to DKK 2,703.3 million (DKK 2,117.0 million) at the end of Q3 2021. Compared to year end 2020, biological assets have increased. Included in the carrying amount of the biological assets is a fair value adjustment amounting to DKK 744.7 million (DKK 145.4 million) at the end of Q3 2021.

Inventories amounted to DKK 690.3 million (DKK 776.0 million) at the end of Q3 2021.

Total receivables, including long-term receivables, financial derivatives and deferred tax assets, amounted to DKK 804.9 million (DKK 623.6 million) at the end of Q3 2021.

Total cash and cash equivalents amounted to DKK 373.3 million (DKK 466.9 million) at the end of Q3 2021.

The Group's equity amounted to DKK 9,523.6 million (DKK 8,729.5 million) at the end of Q3 2021. The change in equity consists primarily of the result for the first nine months of 2021 and the dividend payout of DKK 215.9 million in Q2 2021.

Total non-current liabilities amounted to DKK 4,016.1 million (DKK 3,708.6 million) at the end of Q3 2021.

Deferred taxes amounted to DKK 1,409.5 million (DKK 1,222.2 million) at the end of Q3 2021.

Long-term interest-bearing debt was DKK 2,359.6 million (DKK 2,219.7 million) at the end of Q3 2021.

Long-term leasing debt amounted to DKK 247.1 million (DKK 265.2 million) and short-term leasing debt amounted to DKK 93.5 million (DKK 131.3 million). In total DKK 340.6 million (DKK 396.6 million) at the end of Q3 2021.

At the end of Q3 2021, the Group's total current liabilities were DKK 718.8 million (DKK 770.2 million). The current liabilities consist of financial derivatives, short-term leasing debt and accounts payable and other debt.

The equity ratio was 67% at the end of Q3 2021, compared to 66% at the end of 2020.

## Cash Flow

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

The cash flow from operations was DKK 267.0 million (DKK 104.5 million) in Q3 2021. The changes in working capital had a positive effect on the cash flow from operations. For the first nine months of 2021, the cash flow from operations was DKK 936.0 million (DKK 581.2 million).

The cash flow from investment activities amounted to DKK -310.2 million (DKK -175.7 million) in Q3 2021. The amount relates to investments in property, plant and equipment. For the first nine months of 2021, the cash flow from investments amounted to DKK -822.9 million (DKK -473.0 million).

The cash flow from financing activities totalled DKK -136.5 million (DKK 62.6 million) in Q3 2021. For the first nine months of 2021, cash flow from financing amounted to DKK -206.7 million (DKK -971.8 million).

In Q3 2021, net change in cash flow amounted to DKK -179.7 million (DKK -8.5 million). For the first nine months of 2021, net change in cash flow amounted to DKK -93.6 million (DKK -863.6 million).

At the end of Q3 2021, the Group had unused credit facilities of DKK 1,439.4 million (DKK 2,163 million). In addition, the Group has an accordion of EUR 150 million.

## Farming Segment – Faroe Islands (FO)

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

### Volumes

The total volumes harvested in Q3 2021 were 14,937 tonnes gutted weight (11,135 tgw) – a change in volume of 34%. 2,862 tgw came from the North region, 7,756 tgw from the West region and 4,320 tgw from the South region. Total harvested volumes for the first nine months of 2021 were 46,523 tonnes gutted weight (34,743 tgw), which is in line with the forecast for 2021.

3.8 million (3.6 million) smolts were transferred to sea in Q3 2021. In the first nine months of 2021, 9.3 million (8.7 million) smolts were transferred. This is in line with the smolt transfer plan.

DKK 1,000	Q3 2021	Q3 2020	Change	YTD 2021	YTD 2020	Change
<b>Financial</b>						
Total revenue	759,450	530,077	43%	2,365,927	1,736,799	36%
EBIT	242,431	170,547	42%	1,093,865	219,704	398%
Operational EBIT	135,075	96,612	40%	621,535	385,287	61%
Operational EBIT/kg (DKK)	9.04	8.68	4%	13.36	11.09	20%
Operational EBIT margin	18%	18%		26%	22%	
<b>Volumes</b>						
Harvested volumes (tgw)	14,937	11,135	34%	46,523	34,743	34%
- Farming North	2,862	5,337	-46%	16,814	24,543	-31%
- Farming West	7,756	4,681	66%	23,349	7,450	213%
- Farming South	4,319	1,117	287%	6,361	2,750	131%
Smolts released (thousand)	3,769	3,556	6%	9,255	8,741	6%
- Farming North	1,618	838	93%	3,707	1,918	93%
- Farming West	2,151	2,308	-7%	3,724	4,704	-21%
- Farming South	0	410	-100%	1,824	2,119	-14%

### Financial Performance

In Q3 2021, the operating revenue for the FO farming segment was DKK 759.5 million (DKK 530.1 million). The total revenue for the farming segment increased in Q3 2021, compared with Q3 2020, because of higher volumes. The operating revenue for the FO farming segment for the first nine months of 2021 was DKK 2,365.9 million (DKK 1,736.8 million).

In Q3 2021, the FO farming segment's EBIT amounted to DKK 242.4 million (DKK 170.5 million). The FO farming segment's EBIT for the first nine months of 2021 was DKK 1,093.9 million (DKK 219.7 million).

Operational EBIT amounted to DKK 135.1 million (DKK 96.6 million) in Q3 2021, which corresponds to an operational EBIT margin of 18% (18%). In the first nine months of 2021, operational EBIT was DKK 621.5 million (DKK 385.3 million).

Operational EBIT/kg for the FO farming segment was DKK 9.04 (DKK 8.68) in Q3 2021, which corresponds to NOK 12.56 (NOK 12.43). Operational EBIT/kg for the first nine months of 2021 was DKK 13.36 (DKK 11.09), which corresponds to NOK 18.37 (NOK 15.90).

Costs of DKK 0 million (DKK 12.9 million) relate to incident-based mortality in Q3 2021.

## Farming Segment – Scotland (SCT)

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

### Volumes

The total volumes harvested in Q3 2021 were 6,914 tonnes gutted weight (10,476 tgw) - a change in volume of -34%. Total harvested volumes for the first nine months of 2021 were 24,550 tonnes gutted weight (25,681 tgw), which is lower than the forecast for 2021.

3.3 million smolts were transferred to sea in Q3 2021 (2.6 million). In the first nine months of 2021, 7.0 million (6.5 million) smolts were transferred. This is in line with the smolt transfer plan.

DKK 1,000	Q3 2021	Q3 2020	Change	YTD 2021	YTD 2020	Change
<b>Financial</b>						
Total revenue	356,038	416,639	-15%	1,237,051	1,206,464	3%
EBIT	-105,572	12,734	n.a.	-24,319	284,960	n.a.
Operational EBIT	-81,284	-28,407	-186%	-35,723	30,127	n.a.
Operational EBIT/kg (DKK)	-11.76	-2.71	-334%	-1.46	1.17	n.a.
Operational EBIT margin	-23%	-7%		-3%	2%	
<b>Volumes</b>						
Harvested volumes (tgw)	6,914	10,476	-34%	24,550	25,681	-4%
Smolts released (thousand pcs)	3,253	2,605	25%	6,949	6,472	7%

### Financial Performance

In Q3 2021, the operating revenue for the SCT farming segment was DKK 356.0 million (DKK 416.6 million). The operating revenue for the SCT farming segment for the first nine months of 2021 was DKK 1,237.1 million (DKK 1,206.5 million).

Operational EBIT amounted to DKK -81.3 million (DKK -28.4 million) in Q3 2021, which corresponds to an operational EBIT margin of -23% (-7%). For the first nine months of 2021, operational EBIT was DKK -35.7 million (DKK 30.1 million), which corresponds to an operational EBIT margin of -3% (2%).

Operational EBIT/kg for the farming segment in Scotland was DKK -11.76 (DKK -2.71) in Q3 2021, which corresponds to NOK 16.32 (NOK -3.89). Operational EBIT/kg for the first nine months 2021 was DKK -1.46 (DKK 1.17), which corresponds to NOK -2.00 (NOK 1.68).

EBIT was impacted from biological challenges. Costs of DKK 68.6 million (DKK 40.9 million) relate to incident-based mortality in Q3 2021.



## VAP Segment

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

### Volumes

35% (48%) of the total Faroese harvested volumes in Q3 2021 went to the production of VAP products, and 33% (49%) of the harvested volumes in the first nine months of 2021 went to production of VAP products.

The VAP production in the Faroe Islands was 5,299 tonnes gutted weight (5,313 tgw) in Q3 2021, a decrease of 0.3%, compared to Q3 2020. In the first nine months of 2021, the VAP production was 15,481 tgw (17,141 tgw).

DKK 1,000	Q3 2021	Q3 2020	Change	YTD 2021	YTD 2020	Change
<b>Financial</b>						
Total revenue	266,690	246,822	5%	835,992	828,893	-1%
EBIT	11,120	21,782	-49%	91,384	59,606	53%
Operational EBIT	11,120	21,782	-49%	91,384	59,606	53%
VAP - Operational EBIT/kg (DKK)	2.08	4.07	-49%	5.87	3.53	66%
Operational EBIT margin	4%	9%		11%	7%	
<b>Volumes</b>						
Farming FO transferred to VAP (tgw)	5,299	5,313	0%	15,481	17,141	-10%
VAP produced (tgw)	5,334	5,346	0%	15,577	16,906	-8%
Harvested volumes used in VAP production	35%	48%	-26%	33%	49%	-33%
Harvested volumes sold fresh/frozen	65%	52%	23%	67%	51%	32%

### Financial Performance

The operating revenue for the VAP segment amounted to DKK 266.7 million (DKK 246.8 million) in Q3 2021. In the first nine months of 2021, the VAP revenue was DKK 836.0 million (DKK 828.9 million).

The VAP segment had an EBIT amounting to DKK 11.1 million (DKK 21.8 million) in Q3 2021. Changes in onerous contracts were DKK 0.0 million (DKK 0.0 million). In the first nine months of 2021, the VAP segment's EBIT amounted to DKK 91.4 million (DKK 59.6 million).

Operational EBIT amounted to DKK 11.1 million (DKK 21.8) in Q3 2021, corresponding to an operational EBIT of DKK 2.08 (DKK 4.07) per kg gutted weight in Q3 2021, which corresponds to NOK 2.89 (NOK 5.84) per kg gutted weight. Operational EBIT/kg for the first nine months of 2021 was DKK 5.87 (DKK 3.53), which corresponds to NOK 8.07 (NOK 5.05).

## FOF Segment

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

### Volumes

Havsbrún received 17,224 tonnes (24,101 tonnes) of raw material to produce fishmeal and fish oil in Q3 2021. The raw material intake depends on the fishery in the North Atlantic and available species of fish. In the first nine months of 2021, Havsbrún received 125,060 tonnes (211,420 tonnes) of raw material.

The production of fishmeal in Q3 2021 was 4,831 tonnes (5,802 tonnes). For the first nine months of 2021, Havsbrún produced 28,109 tonnes (44,876 tonnes) of fishmeal.

The production of fish oil in Q3 2021 was 3,000 tonnes (2,745 tonnes). The production of fish oil varies, depending on the species of fish sourced for production and the timing of catch. For the first nine months of 2021, Havsbrún produced 5,203 tonnes (5,224 tonnes) of fish oil.

Sales of fish feed amounted to 44,973 tonnes (39,869 tonnes) in Q3 2021. The FO farming segment internally used 31,211 tonnes (28,281 tonnes) or 69.8% (70.9%).

The SCT farming segment internally used 11,770 tonnes (6,072 tonnes) or 26.2% (15.2%). For the first nine months of 2021, Havsbrún sold 95,962 tonnes (81,113 tonnes) of fish feed.

### Financial Performance

The operating revenue for the FOF segment amounted to DKK 556.9 million (DKK 481.5 million) in Q3 2021, of which DKK 499.5 million (DKK 389.6 million) represented sales to Bakkafrost's farming segments, corresponding to 90% (81%). For the first

DKK 1,000	Q3 2021	Q3 2020	Change	YTD 2021	YTD 2020	Change
<b>Financial</b>						
Total revenue	556,914	481,479	16%	1,225,893	1,060,059	16%
EBIT	112,834	61,382	84%	205,676	136,803	50%
EBITDA	111,231	69,466	60%	216,913	159,599	36%
FOF - EBITDA margin	20.0%	14.4%	38%	17.7%	15.1%	18%
<b>Volumes (tonnes)</b>						
Total Feed sold	44,973	39,869	13%	95,962	81,113	18%
- Feed internal sale FO	31,211	28,281	10%	68,233	58,307	17%
- Feed internal sale SCT	11,770	6,072	94%	24,377	6,522	274%
- Feed external sale	1,992	5,516	-64%	3,352	16,284	-79%
Fishmeal external sale	2,840	2,701	5%	13,007	17,175	-24%
Fish oil external sale	14	5	180%	33	14	136%
Received raw material	17,224	24,101	-29%	125,061	211,420	-41%
Fishmeal production	4,831	5,802	-17%	28,109	44,876	-37%
Fish oil production	3,000	2,745	9%	5,203	5,224	0%

nine months of 2021, the revenue amounted to DKK 1,225.9 million (DKK 1,060.1 million) of which DKK 1,042.7 million (DKK 706.0 million) represented sales to Bakkafrost's farming segments, corresponding to 85% (67%).

Total revenue for the FOF segment in Q3 2021 was higher, compared to the same quarter last year. The internal revenue is higher in Q3 2021, compared to Q3 2020. The decrease in external revenue is due to higher share of feed sales are used internally in Q3 2021, compared to Q3 2020.

EBITDA was DKK 111.2 million (DKK 69.5 million) in Q3 2021, and the EBITDA margin was 20.0% (14.4%). Havsbrún sources raw pelagic fish for the fishmeal and fish oil production, which are part of the recipe to produce salmon feed. For the first nine months of 2021, the EBITDA was DKK 216.9 million (DKK 159.6 million), corresponding to an EBITDA margin of 17.7% (15.1%).

## Outlook

### Market

The global harvest of Atlantic salmon was 4.4% higher in Q3 2021, compared to Q3 2020, according to the latest estimate from Kontali Analyse. Combined with released inventories of salmon the supply to the market increased 5.7% in Q3 2021, compared to Q3 2020. Salmon prices were higher in this quarter compared to Q3 2020. Overall, market conditions have continued to improve during this quarter.

In Q4 2021, the global harvest growth of Atlantic salmon is expected to be negative with around 4%, compared to Q4 2020. Overall, the market supply of salmon in 2021 is expected to increase around 8%, compared to 2020, when including expected inventory movements. In 2022, the global harvest growth of Atlantic salmon is expected to be flat in H1 and around 9% in H2.

Bakkafrost operates in the main salmon markets, Europe, USA, the Far East and Russia and has a strong focus on ensuring a well-balanced flow to the different markets to increase diversification and mitigate the market risk. During this quarter, the market has continued to normalise following the disruption caused by the Covid-19 pandemic.

### Farming

In this quarter the feed conversion ratio in the Faroe Islands has been very low. However, the farming operation in the Faroe Islands has in general been more challenging than normal, partly due to a deliberate decision to harvest one of the farming sites, A-72 Haraldssund, early despite having smaller fish at the site. The purpose of this was to regain synchronised production plans for this site and the adjacent site, A-73 Viðareiði. Synchronising production plans will have a positive impact on future operational efficiency and will reduce the biological risk. However, as short-term consequence in this quarter, the average harvest weight was reduced, and

revenue and farming costs were affected negatively by this deliberate decision.

In Q2 2021 Bakkafrost replaced the mechanical delousing equipment on M/S Martin, which is the FSV primarily used for mechanical delousing in the Faroe Islands. Unfortunately, the installation of the new equipment was delayed, in part due to supply issues linked to Covid-19. Bakkafrost's sea lice treatment strategy is a preventive strategy, which has shown to be efficient. Due to delays in the replacement of the new delousing equipment, Bakkafrost's sea lice treatment efforts become more reactive in Q3 2021, which had a negative impact on mortality and farming costs. During the quarter, the new equipment came in successful operation and the mechanical delousing and treatment capabilities will be further strengthened in mid-2022 by the delivery Bakkafrost's new 7,000 m3 wellboat with freshwater treatment capabilities.

Bakkafrost is well on track in pursuing the large-smolt strategy in the Faroe Islands with the goal to reach average smolt weight of 500g in 2022. In Q3 2021, the average weight of the transferred smolt was 334g (314g in Q3 2020). To meet future demand for large smolt, the existing hatcheries at Norðtoftir and Glyvradalur are currently being expanded. In addition, Bakkafrost plans to construct a new hatchery at Ónavík, enabling Bakkafrost to produce more than 23 million smolts of 500g in the Faroe Islands in 2026.

As historical performances from previous years have demonstrated, second half of the year, and especially 3<sup>rd</sup> quarters, are the most challenging periods for the Scottish farming operation. By the end of this quarter, the mortality has been very high due to combinations of biological issues across several sites. Underlying gill-health issues combined with other biological threats such as micro-jellyfish, have led to very high mortalities in several sites, especially at sites at Ghia.

During this quarter, Bakkafrost has strengthened the treatment capacity in Scotland with the introduction of a new farming supply vessel (M/S Bakkanes) and an additional 4,000 m3 wellboat with freshwater treatment capacity has also been ensured.

This pattern of challenging 3<sup>rd</sup> quarters may be expected for the next couple of years or so but with gradually reduced severity as the large-smolt strategy is being implemented in the Scottish farming operation. Once fully implemented, the large-smolt strategy will be a game changer for the farming operation. To achieve this, Bakkafrost plans to invest in 3 large hatcheries in the coming years to become self-sufficient with large smolts of 500g. The Applecross hatchery is the first of the 3 future hatcheries and is now being expanded. The hatchery expansion is expected to be finalised by the end of 2022.

Bakkafrost focuses on reducing biological risk continuously and has over the past years made significant investments to diminish this risk, but also to improve efficiency and ensures sustainable growth. The large-smolt strategy occupies a central role in this in the Faroe Islands as well as in Scotland.

Bakkafrost expects to release around 14.5 million smolts in 2021 in the Faroe Islands, compared to 14.3 million smolts in 2020, 12.7 million smolts in 2019 and 12.6 million smolts in 2018. The smolt release in Scotland is expected to be 11.0 million smolts in 2021, compared to 10.4 million smolts in 2020, 12.4 million smolts in 2019 and 8.6 million smolts in 2018. Bakkafrost expects to release 15.0 million smolts in 2022 in the Faroe Islands and 10.8 million smolts in Scotland. The number and average weight of smolts released are key elements of predicting Bakkafrost's future production.

Bakkafrost's has previously announced expected harvest volumes for 2021 to be 66,000 tonnes gutted

weight in the Faroe Islands and 40,000 tonnes gutted weight in Scotland. Due to the exceptionally high mortality in Scotland during this quarter, Bakkafrøst is lowering the expected harvest volume for Scotland to 30,000 tonnes gutted weight. Hence the total harvest volume for 2021 is expected to be 96,000 tonnes gutted weight, compared with 85,686 tonnes harvested in 2020. Harvest volumes for 2022 in the Faroe Islands are expected to reach 68,000 tonnes gutted weight and 35,000 tonnes gutted weight in Scotland, giving a total of 103,000 tonnes gutted weight.

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

**VAP (Value added products)**

Bakkafrøst has made large investments in building a highly flexible value chain which includes a state-of-the-art VAP factory with high capacity. This enables Bakkafrøst to adapt well to the rapidly changing market situations.

For 2021 Bakkafrøst has signed contracts covering around 34% of the expected harvest volumes in the Faroe Islands and Scotland combined. Bakkafrøst's long-term strategy is to sell around 40% of the harvested volumes of salmon as VAP products at contracts. Contracts for 2022 are negotiated in November and December, and so far 21% of the harvest 2022 volume has been contracted.

The contracts are at fixed prices, based on the salmon forward prices at the time they are agreed and the expectations for the salmon spot price for the contract period. The contracts last for 6 to 12 months.

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

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

The ICES 2022 recommendation for blue whiting is 753 thousand tonnes, which is a 19% reduction from the recommendation for 2021.

In October 2021, the North East Atlantic Blue Whiting Fishery Improvement Project (FIP) fishery was accepted into the MarinTrust Improver Programme following an application submitted by the North Atlantic Pelagic Advocacy (NAPA). This should pave the way for the non-conformance identified by the MSC to be lifted and the blue whiting being accepted again in production of ASC certified feed.

Bakkafrøst expects a decrease in production volumes of fishmeal and fish oil in 2022, compared to 2021.

Havsbrún's sales of fish feed for 2021 is expected to be around 130,000 tonnes, depending on external sales. Havsbrún's sales of fish feed for 2022 is expected to be around 130,000 tonnes.

The major market for Havsbrún's fish feed is the local Faroese market, primarily Bakkafrøst FO's internal use of fish feed, and the feed used in the Scottish farming operation.

**Investments**

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

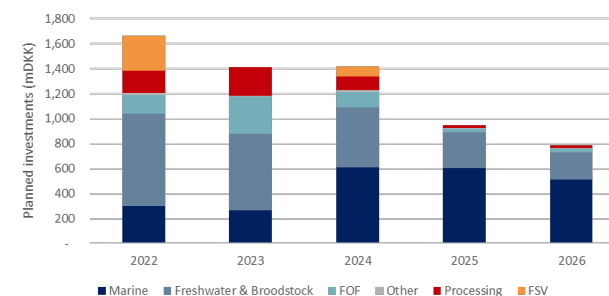
The main purpose of the investments in Scotland is to replicate Bakkafrøst's successful operation in the Faroe Islands. Bakkafrøst will build 3 large energy-efficient hatcheries in Scotland, enabling the implementation of Bakkafrøst's large smolt strategy and giving an annual production capacity above 18 million smolt at 500g. Having large smolt in Scotland will transform the performance, lower the biological risk and increase harvest volumes. In addition to

building hatchery capacity, Bakkafrøst plans to build a new processing plant to strengthen processing capabilities and Bakkafrøst will also invest in more treatment vessel capacity to improve mitigation of biological risk. Further, Bakkafrøst will make investments in marine site development.

The investments in the Faroe Islands include increasing annual hatchery production capacity to above 23 million smolt at 500g, investments in a broodstock facility and expansion of feed production capacity. Also, the investment plan includes a new 7.000m3 wellboat with hybrid technology to reduce carbon emission and new farming technology that will enable volume growth beyond 100,000 tonnes gutted weight in the Faroe Islands.

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

6.2bn DKK Investment programme 2022-2026



**Financial**

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

During Q4 2019, Bakkafrost refinanced its bank facilities amounting to 352 million EUR with a further accordion option of 150 mEUR. In addition, bank facilities amounting to 100 million GBP were ensured to refinance The Scottish Salmon Company. In 2020 the two facilities were merged into one new EUR 463 million facility agreement (plus 150 million accordion option)

A high equity ratio together with Bakkafrost's bank financing, makes Bakkafrost's financial situation strong. This enables Bakkafrost to carry out its investment plans in the Faroe Islands as well as in Scotland, hereby strengthening the Group, enabling M&A's and organic growth opportunities as well as to fulfil its unchanged dividend policy in the future.

## Risks

Biological risk has been and will be a substantial risk for Bakkafrost. The Annual Report 2020 gives more explanation on the biological risk and Bakkafrost's risk management in this regard.

Reference is made to the Outlook section of this report for other comments on Bakkafrost's risk exposure and to Note 3. Please note the comments on Covid-19, which impose significant risks.

Bakkafrost is, as explained in the Annual Report 2020, exposed to the salmon price.

The Annual Report 2020 is available on request from Bakkafrost and on Bakkafrost's website, [www.bakkafrost.com](http://www.bakkafrost.com).

## Events after the Reporting Period

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

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

The Management and the Board of Directors have today considered and approved the interim report of P/F Bakkafrost for the period 1 January 2021 to 30 September 2021.

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

Glyvvar, November 8<sup>th</sup>, 2021

Management:

J. Regin Jacobsen  
CEO

The Board of Directors of P/F Bakkafrost:

Rúni M. Hansen  
Chairman of the Board

Johannes Jensen  
Deputy Chairman of the Board

Teitur Samuelsen  
Board Member

Øystein Sandvik  
Board Member

Annika Frederiksberg  
Board Member

Einar Wathne  
Board Member

In our opinion, the accounting policies used are appropriate, and the interim report gives a true and fair view of the Group's financial positions on 30 September 2021 as well as the results of the Group activities and cash flows for the period 1 January 2021 to 30 September 2021.

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

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

Over and above the disclosures in the interim report, no changes in the Group's most significant risks and uncertainties have occurred relative to the disclosures in the annual report for 2020.

## Consolidated Income Statement

For the period ended 30 September 2021

DKK 1,000	Q3 2021	Q3 2020	YTD 2021	YTD 2020
<b>Operating revenue</b>	<b>1,272,362</b>	<b>1,123,147</b>	<b>4,065,533</b>	<b>3,512,595</b>
Purchase of goods	-496,680	-552,939	-1,184,589	-1,571,140
Change in inventory and biological assets (at cost)	30,181	22,773	-57,118	181,391
Salary and personnel expenses	-177,607	-156,896	-529,959	-505,489
Other operating expenses	-434,744	-248,265	-1,212,429	-764,774
Depreciation	-122,967	-85,157	-379,903	-319,940
<b>Operational EBIT*</b>	<b>70,545</b>	<b>102,663</b>	<b>701,535</b>	<b>532,643</b>
Fair value adjustments of biological assets	113,713	124,429	574,821	140,368
Onerous contracts	0	0	0	0
Income from associates	7,963	0	12,361	0
Revenue tax	-30,645	-9,353	-92,160	-51,118
<b>Earnings before interest and taxes (EBIT)</b>	<b>161,576</b>	<b>217,739</b>	<b>1,196,557</b>	<b>621,893</b>
Net interest revenue	1,073	101	3,432	1,248
Net interest expenses	-7,784	-6,446	-26,297	-26,030
Net currency effects	6,552	-12,284	23,461	610
Other financial expenses	-3,319	-3,919	-15,782	-12,289
<b>Earnings before taxes (EBT)</b>	<b>158,098</b>	<b>195,191</b>	<b>1,181,371</b>	<b>585,432</b>
Taxes	-26,796	-18,369	-214,210	-84,910
<b>Profit or loss for the period</b>	<b>131,302</b>	<b>176,822</b>	<b>967,161</b>	<b>500,522</b>
<b>Profit or loss for the year attributable to</b>				
Non-controlling interests	0	0	0	0
Owners of P/F Bakkafrost	131,302	176,822	967,161	500,522

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

## Consolidated Statement of Comprehensive Income

For the period ended 30 September 2021

DKK 1,000	Q3 2021	Q3 2020	YTD 2021	YTD 2020
<b>Profit for the period</b>	<b>131,302</b>	<b>176,822</b>	<b>967,161</b>	<b>500,522</b>
Changes on financial derivatives	-5,605	1,330	-3,287	2,082
Hereof income tax effect	855	-203	501	-309
Reserve to share-based payment	1,054	910	518	260
Currency translation differences	-1,336	28,347	31,813	-49,032
Adjustment of treasury shares	907	-43,491	9,867	-38,778
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</b>	<b>-4,125</b>	<b>-13,107</b>	<b>39,412</b>	<b>-85,777</b>
<b>Other comprehensive income</b>	<b>-4,125</b>	<b>-13,107</b>	<b>39,412</b>	<b>-85,777</b>
<b>Total other comprehensive income for the period</b>	<b>127,177</b>	<b>163,715</b>	<b>1,006,573</b>	<b>414,745</b>
<b>Comprehensive income for the period attributable to</b>				
Non- controlling interests	0	0	0	0
Owners of P/F Bakkafrost	127,177	163,715	1,006,573	414,745



# Consolidated Statement of Financial Position

As on 30 September 2021

DKK 1,000	30 Sep 2021	31 Dec 2020
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets	4,495,225	4,493,395
Property, plant and equipment	4,742,180	4,220,599
Right of use assets	308,919	353,192
Financial assets	132,313	122,459
Long-term receivables	8,204	8,101
Deferred tax assets	0	26,934
<b>Total non-current assets</b>	<b>9,686,841</b>	<b>9,224,680</b>
<b>Current assets</b>		
Biological assets (biomass)	2,703,268	2,117,024
Inventory	690,251	776,032
<b>Total inventory</b>	<b>3,393,519</b>	<b>2,893,056</b>
Financial derivatives	6,412	0
Accounts receivable	645,983	490,075
Other receivables	152,506	133,574
<b>Total receivables</b>	<b>804,901</b>	<b>623,649</b>
<b>Cash and cash equivalents</b>	<b>373,318</b>	<b>466,939</b>
<b>Total current assets</b>	<b>4,571,738</b>	<b>3,983,644</b>
<b>TOTAL ASSETS</b>	<b>14,258,579</b>	<b>13,208,324</b>

DKK 1,000	30 Sep 2021	31 Dec 2020
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	59,143	59,143
Other equity	9,464,500	8,670,344
<b>Total equity</b>	<b>9,523,643</b>	<b>8,729,487</b>
<b>Non-current liabilities</b>		
Deferred taxes and other taxes	1,409,473	1,222,222
Long-term interest-bearing debt	2,359,589	2,219,690
Long-term leasing debt	247,076	265,235
Financial derivatives	0	1,480
<b>Total non-current liabilities</b>	<b>4,016,138</b>	<b>3,708,627</b>
<b>Current liabilities</b>		
Financial derivatives	2,994	9,710
Short-term leasing debt	93,487	131,336
Accounts payable and other debt	622,317	629,164
<b>Total current liabilities</b>	<b>718,798</b>	<b>770,210</b>
<b>Total liabilities</b>	<b>4,734,936</b>	<b>4,478,837</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>14,258,579</b>	<b>13,208,324</b>

# Consolidated Cash Flow Statement

For the period ended 30 September 2021

DKK 1,000	Q3 2021	Q3 2020	YTD 2021	YTD 2020
<b>Earnings before interest and taxes (EBIT)</b>	<b>161,576</b>	<b>217,739</b>	<b>1,196,557</b>	<b>621,893</b>
Adjustments for write-downs and depreciation	122,967	85,157	379,903	319,676
Adjustments for value adjustment of biomass	-113,713	-124,429	-574,821	-140,368
Adjustments for income from associates	-7,963	0	-12,361	0
Adjustments for currency effects	7,257	-82,935	29,355	-49,254
Change in inventory	119,192	-27,891	46,344	-154,295
Change in receivables	-95,032	-7,889	-174,841	88,775
Change in current debts	72,740	44,797	45,822	-105,230
<b>Cash flow from operations</b>	<b>267,024</b>	<b>104,549</b>	<b>935,958</b>	<b>581,197</b>
<b>Cash flow from investments</b>				
Proceeds from sale of fixed assets	0	0	0	19,050
Payments for purchase of fixed assets	-309,982	-175,303	-824,698	-494,146
Net investment in financial assets	-125	-350	1,935	2,054
Change in long-term receivables	-103	0	-103	0
<b>Cash flow from investments</b>	<b>-310,210</b>	<b>-175,653</b>	<b>-822,866</b>	<b>-473,042</b>
<b>Cash flow from financing</b>				
Change in interest-bearing debt (short and long)	-100,833	132,865	129,221	-625,865
Acquisition of minorities	0	0	0	-167,620
Financial income	1,073	101	3,432	1,248
Financial expenses	-11,103	-10,365	-42,079	-38,319
Lease payments	-26,521	-31,893	-91,282	-101,461
Net proceeds from sale of own shares	907	-28,063	9,867	-39,754
Dividend paid	0	0	-215,872	0
<b>Cash flow from financing</b>	<b>-136,477</b>	<b>62,645</b>	<b>-206,713</b>	<b>-971,771</b>
<b>Net change in cash and cash equivalents in period</b>	<b>-179,663</b>	<b>-8,459</b>	<b>-93,621</b>	<b>-863,616</b>
Cash and cash equivalents - opening balance	552,981	454,389	466,939	1,309,546
<b>Cash and cash equivalents - closing balance total</b>	<b>373,318</b>	<b>445,930</b>	<b>373,318</b>	<b>445,930</b>

# Consolidated Statement of Changes in Equity

As on 30 September 2021

DKK 1,000	Share Capital	Share Premium Reserve	Treasury Shares	Share based Payment	Currency Translation differences	Derivatives	Proposed Dividend	Biomass Fair value-adjustments	Retained Earnings	Total Equity
Equity 01.01.2021	59,143	4,027,375	-37,672	6,229	34,545	-14,829	215,872	145,387	4,293,438	8,729,487
<b>Consolidated profit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>574,821</b>	<b>395,793</b>	<b>970,614</b>
Changes in financial derivatives	0	0	0	0	0	-3,287	0	0	0	-3,287
Hereof income tax effect	0	0	0	0	0	501	0	0	0	501
Share-based payment	0	0	0	518	0	0	0	0	0	518
Currency translation differences	0	0	0	0	31,813	0	0	0	0	31,813
<b>Total other comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>518</b>	<b>31,813</b>	<b>-2,786</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>29,545</b>
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>518</b>	<b>31,813</b>	<b>-2,786</b>	<b>0</b>	<b>574,821</b>	<b>395,793</b>	<b>1,000,159</b>
Treasury shares	0	0	9,868	0	0	0	0	0	0	9,868
Paid-out dividend	0	0	0	0	0	0	-215,872	0	0	-215,872
<b>Total transaction with owners</b>	<b>0</b>	<b>0</b>	<b>9,868</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-215,872</b>	<b>0</b>	<b>0</b>	<b>-206,004</b>
<b>Total changes in equity</b>	<b>0</b>	<b>0</b>	<b>9,868</b>	<b>518</b>	<b>31,813</b>	<b>-2,786</b>	<b>-215,872</b>	<b>574,821</b>	<b>395,793</b>	<b>794,155</b>
<b>Total equity 30.09.2021</b>	<b>59,143</b>	<b>4,027,375</b>	<b>-27,804</b>	<b>6,747</b>	<b>66,358</b>	<b>-17,615</b>	<b>0</b>	<b>720,208</b>	<b>4,689,231</b>	<b>9,523,643</b>
Equity 01.01.2020	59,143	4,027,375	-68	5,059	78,850	-15,348	0	162,203	4,179,661	8,496,875
<b>Consolidated profit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>118,003</b>	<b>346,196</b>	<b>464,199</b>
Reclassification 01.01.2020	0	0	0	0	0	0	0	-134,819	134,819	0
Adjustment related to purchase price allocation	0	0	0	0	0	0	0	0	16,253	16,253
Changes in financial derivatives	0	0	0	0	0	602	0	0	0	602
Hereof income tax effect	0	0	0	0	0	-83	0	0	0	-83
Share-based payment	0	0	0	1,170	0	0	0	0	0	1,170
Currency translation differences	0	0	0	0	-44,305	0	0	0	0	-44,305
<b>Total other comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,170</b>	<b>-44,305</b>	<b>519</b>	<b>0</b>	<b>0</b>	<b>16,253</b>	<b>-26,363</b>
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,170</b>	<b>-44,305</b>	<b>519</b>	<b>0</b>	<b>-16,816</b>	<b>497,268</b>	<b>437,836</b>
Treasury shares	0	0	-37,604	0	0	0	0	0	0	-37,604
Proposed dividend	0	0	0	0	0	0	215,872	0	-215,872	0
<b>Total transaction with owners</b>	<b>0</b>	<b>0</b>	<b>-37,604</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>215,872</b>	<b>0</b>	<b>-215,872</b>	<b>-37,604</b>
<b>Total changes in equity</b>	<b>0</b>	<b>0</b>	<b>-37,604</b>	<b>1,170</b>	<b>-44,305</b>	<b>519</b>	<b>215,872</b>	<b>-16,816</b>	<b>281,396</b>	<b>400,232</b>
Change in non-controlling interest	0	0	0	0	0	0	0	0	-167,620	-167,620
<b>Total equity 31.12.2020</b>	<b>59,143</b>	<b>4,027,375</b>	<b>-37,672</b>	<b>6,229</b>	<b>34,545</b>	<b>-14,829</b>	<b>215,872</b>	<b>145,387</b>	<b>4,293,438</b>	<b>8,729,487</b>
Equity 01.01.2020	59,143	4,027,375	-68	5,059	78,850	-15,348	0	162,203	4,179,661	8,496,875
<b>Consolidated profit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>140,368</b>	<b>361,392</b>	<b>501,760</b>
Reclassification 01.01.2020	0	0	0	0	0	0	0	-134,819	134,819	0
Adjustment related to purchase price allocation	0	0	0	0	0	0	0	0	16,251	16,251
Changes in financial derivatives	0	0	0	0	0	2,082	0	0	0	2,082
Hereof income tax effect	0	0	0	0	0	-309	0	0	0	-309
Share-based payment	0	0	0	260	0	0	0	0	0	260
Currency translation differences	0	0	0	0	-49,032	0	0	0	0	-49,032
<b>Total other comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>260</b>	<b>-49,032</b>	<b>1,773</b>	<b>0</b>	<b>0</b>	<b>16,251</b>	<b>-30,748</b>
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>260</b>	<b>-49,032</b>	<b>1,773</b>	<b>0</b>	<b>5,549</b>	<b>512,462</b>	<b>471,012</b>
Treasury shares	0	0	-38,778	0	0	0	0	0	0	-38,778
<b>Total transaction with owners</b>	<b>0</b>	<b>0</b>	<b>-38,778</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-38,778</b>
<b>Total changes in equity</b>	<b>0</b>	<b>0</b>	<b>-38,778</b>	<b>260</b>	<b>-49,032</b>	<b>1,773</b>	<b>0</b>	<b>5,549</b>	<b>512,462</b>	<b>432,234</b>
Change in non-controlling interest	0	0	0	0	0	0	0	0	0	-167,620
<b>Total equity 30.09.2020</b>	<b>59,143</b>	<b>4,027,375</b>	<b>-38,846</b>	<b>5,319</b>	<b>29,818</b>	<b>-13,575</b>	<b>0</b>	<b>167,752</b>	<b>4,692,123</b>	<b>8,761,489</b>

## Notes to the Accounts

### Accounting Policy

#### General Information

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

The Group's Annual Report as on 31 December 2020 is available at [www.bakkafrost.com](http://www.bakkafrost.com) or upon request from the company's registered office at Bakkavegur 9, FO-625 Glyvrrar, Faroe Islands.

This Condensed Consolidated Interim Report is presented in DKK.

#### Note 1. Statement of Compliance

This Condensed Consolidated Interim Report has been prepared in accordance with International Financial Reporting Standards (IFRS) IAS 34 Interim Financial Reporting as adopted by the EU. It does not include all the information required for the full Annual and Consolidated Report and Accounts and should be read in conjunction with the Annual and Consolidated Report and Accounts for the Group as on 31 December 2020.

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

#### Note 2. Significant Accounting Policies

The accounting policies applied by the Group in this Condensed Consolidated Interim Report are the same as those applied in the Annual Report as at and for the year ended 31 December 2020.

#### Note 3. Estimates and Risk Exposures

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

As a result of the outbreak of Covid-19 during the first quarter of 2020, all significant estimates are being continuously reviewed in the light of this situation, including estimates related to the expected credit loss on trade receivables, inventory valuation and impairment test on intangible assets. As at the date of these interim financial statements, no significant changes in estimates have been performed. Bakkafrost has not identified significant Covid-19 impact to the interim condensed consolidated financial statements as on 30 September 2021.

The accounting estimates are described in the notes to the financial statements in the Annual Report 2020.

## Note 4. Biological Assets

	30 Sep 2021	30 Sep 2020	31 Dec 2020
Biological assets carrying amount 01.01.	2,117,024	1,901,730	1,901,730
Increase due to production or purchases	2,347,668	2,183,616	3,012,251
Reduction due to harvesting or sale (costs of goods sold)	-2,204,792	-1,977,754	-2,761,374
Reduction due to mortality (costs of incidents-based mortality) *)	-83,253	-86,779	-125,806
Fair value adjustment at the beginning of the period reversed	-145,387	-27,695	-27,695
Fair value reclassification currency translation differences prior year	-24,452		
Fair value adjustment at the end of the period	744,660	167,752	145,387
Reversal of elimination at the beginning of the period	80,083	59,121	59,121
Eliminations	-143,961	-73,178	-80,083
Currency translation differences	15,678	-475	-6,508
<b>Biological assets carrying amount at the end of the period</b>	<b>2,703,268</b>	<b>2,146,338</b>	<b>2,117,024</b>
Cost price biological assets	2,086,891	2,052,239	2,058,228
Fair value adjustment at the end of the period	744,660	167,752	145,387
Eliminations	-143,961	-73,178	-80,083
Currency translation differences	15,678	-475	-6,508
<b>Biological assets carrying amount</b>	<b>2,703,268</b>	<b>2,146,338</b>	<b>2,117,024</b>
<b>Biomass (tonnes)</b>			
< 1 kg	2,399	4,511	5,777
1 kg < 2 kg	11,366	10,627	10,258
2 kg < 3 kg	12,554	11,356	10,880
3 kg < 4 kg	15,814	19,064	11,921
4 kg <	23,968	21,261	25,642
<b>Volume of biomass at sea (tonnes)</b>	<b>66,101</b>	<b>66,819</b>	<b>64,478</b>

### \* Costs of incident-based mortality per segment:

	Q3 2021	Q3 2020	YTD 2021
Faroe Islands	0	-12,881	0
Scotland	-68,589	-40,866	-83,253
	<b>-68,589</b>	<b>-53,747</b>	<b>-83,253</b>

	30 Sep 2021	30 Sep 2020	31 Dec 2020
<b>Number of fish (thousand)</b>			
< 1 kg	5,822	8,234	11,960
1 kg < 2 kg	7,515	6,737	6,192
2 kg < 3 kg	4,954	4,287	4,338
3 kg < 4 kg	4,763	5,536	3,415
4 kg <	4,628	4,205	5,324
<b>Total number of fish at sea (thousand)</b>	<b>27,682</b>	<b>28,999</b>	<b>31,229</b>
<b>Number of smolt released YTD (thousand)</b>			
Farming North	3,760	1,918	6,455
Farming West	3,725	4,703	5,703
Farming South	1,822	2,119	2,119
Farming Scotland	7,222	6,473	10,354
<b>Total number of smolts released YTD (thousand)</b>	<b>16,529</b>	<b>15,213</b>	<b>24,631</b>
<b>Sensitivity in DKK 1,000</b>			
Change in discount rate +1%	-134,035	-129,099	-150,403
Change in discount rate -1%	158,193	142,861	169,708
Change in sales price +5 DKK	447,297	447,266	466,110
Change in sales price -5 DKK	-437,196	-447,266	-465,110
Change in biomass volume +1%	16,040	6,364	5,414
Change in biomass volume -1%	-11,055	-6,948	-5,414
<b>One-year forward prices in EUR FCA Oslo**</b>			
Period end	6.05	4.35	4.36
1 Q (forward)	6.53	4.99	4.85
2 Q (forward)	6.62	5.81	5.39
3 Q (forward)	5.63	5.93	5.10
4 Q (forward)	5.90	5.00	5.25

\*\* Source Fish Pool

## Note 5. Segments

Farming - FO DKK 1,000	Q3 2021	Q3 2020	YTD 2021	YTD 2020
External revenue	592,228	367,762	1,809,330	1,123,158
Internal revenue	167,222	162,315	556,597	613,641
<b>Total revenue</b>	<b>759,450</b>	<b>530,077</b>	<b>2,365,927</b>	<b>1,736,799</b>
Operating expenses	-555,380	-372,646	-1,537,983	-1,179,957
Depreciation and amortization	-68,995	-60,819	-206,409	-171,555
<b>Operational EBIT</b>	<b>135,075</b>	<b>96,612</b>	<b>621,535</b>	<b>385,287</b>
Fair value adjustments of biological assets	138,001	83,288	563,417	-114,465
Revenue tax	-30,645	-9,353	-91,087	-51,118
<b>Earnings before interest and taxes (EBIT)</b>	<b>242,431</b>	<b>170,547</b>	<b>1,093,865</b>	<b>219,704</b>
Net financial items	7,252	-12,560	3,948	-21,653
<b>Earnings before taxes (EBT)</b>	<b>249,683</b>	<b>157,987</b>	<b>1,097,813</b>	<b>198,051</b>
Taxes	-50,556	-24,409	-208,763	-28,148
<b>Profit or loss for the period</b>	<b>199,127</b>	<b>133,578</b>	<b>889,050</b>	<b>169,903</b>

Farming - SCT	Q3	Q3	YTD	YTD
DKK 1,000	2021	2020	2021	2020
External revenue	356,038	416,639	1,237,051	1,206,464
<b>Total revenue</b>	<b>356,038</b>	<b>416,639</b>	<b>1,237,051</b>	<b>1,206,464</b>
Operating expenses	-395,581	-433,730	-1,137,586	-1,065,299
Depreciation and amortization	-41,741	-11,316	-135,188	-111,038
<b>Operational EBIT</b>	<b>-81,284</b>	<b>-28,407</b>	<b>-35,723</b>	<b>30,127</b>
Fair value adjustments of biological assets	-24,288	41,141	11,404	254,833
<b>Earnings before interest and taxes (EBIT)</b>	<b>-105,572</b>	<b>12,734</b>	<b>-24,319</b>	<b>284,960</b>
Net financial items	-7,981	-7,888	-18,740	245
<b>Earnings before taxes (EBT)</b>	<b>-113,553</b>	<b>4,846</b>	<b>-43,059</b>	<b>285,205</b>
Taxes	27,622	11,845	16,582	-38,642
<b>Profit for the period</b>	<b>-85,931</b>	<b>16,691</b>	<b>-26,477</b>	<b>246,563</b>

Value added products DKK 1,000	Q3 2021	Q3 2020	YTD 2021	YTD 2020
<b>External revenue</b>	<b>266,690</b>	<b>246,822</b>	<b>835,992</b>	<b>828,893</b>
Internal purchase of raw material	-167,222	-162,315	-556,597	-613,641
Operating expenses	-83,550	-57,787	-173,303	-141,096
Depreciation and amortization	-4,798	-4,938	-14,708	-14,550
<b>Operational EBIT</b>	<b>11,120</b>	<b>21,782</b>	<b>91,384</b>	<b>59,606</b>
Provision of onerous contracts	0	0	0	0
<b>Earnings before interest and taxes (EBIT)</b>	<b>11,120</b>	<b>21,782</b>	<b>91,384</b>	<b>59,606</b>
Net financial items	-98	-126	-552	-518
<b>Earnings before taxes (EBT)</b>	<b>11,022</b>	<b>21,656</b>	<b>90,832</b>	<b>59,088</b>
Taxes	-1,983	-3,899	-16,350	-10,636
<b>Profit or loss for the period</b>	<b>9,039</b>	<b>17,757</b>	<b>74,482</b>	<b>48,452</b>



<b>Fishmeal, Fish Oil and Fish Feed</b>	<b>Q3</b>	<b>Q3</b>	<b>YTD</b>	<b>YTD</b>
<b>DKK 1,000</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
External revenue	57,406	91,923	183,163	354,079
Internal revenue	499,508	389,556	1,042,730	705,981
<b>Total revenue</b>	<b>556,914</b>	<b>481,479</b>	<b>1,225,893</b>	<b>1,060,059</b>
Cost of goods sold	-403,437	-360,886	-888,210	-745,864
Operating expenses	-42,246	-51,127	-120,770	-154,596
Depreciation and amortization	-6,360	-8,084	-23,598	-22,796
<b>Operational EBIT</b>	<b>104,871</b>	<b>61,382</b>	<b>193,315</b>	<b>136,803</b>
Income from associates	7,963	0	12,361	0
<b>Earnings before interest and taxes (EBIT)</b>	<b>112,834</b>	<b>61,382</b>	<b>205,676</b>	<b>136,803</b>
Net financial items	-2,651	-1,974	155	-14,535
<b>Earnings before taxes (EBT)</b>	<b>110,183</b>	<b>59,408</b>	<b>205,831</b>	<b>122,269</b>
Taxes	-19,833	-10,693	-37,049	-22,008
<b>Profit or loss for the period</b>	<b>90,350</b>	<b>48,715</b>	<b>168,782</b>	<b>100,260</b>

<b>Reconciliation of reportable segments</b>	<b>Q3</b>	<b>Q3</b>	<b>YTD</b>	<b>YTD</b>
<b>to Group earnings before taxes (EBT)</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>DKK 1,000</b>				
Farming Faroe Islands	249,683	157,987	1,097,813	198,051
Farming Scotland	-113,553	4,846	-43,059	285,205
VAP (Value added products)	11,022	21,656	90,832	59,088
FOF (Fishmeal, Fish oil and fish Feed)	110,183	59,408	205,831	122,269
Eliminations	-99,237	-48,706	-170,046	-79,179
<b>Group earnings before taxes (EBT)</b>	<b>158,098</b>	<b>195,191</b>	<b>1,181,371</b>	<b>585,434</b>

**Note 6. Capital Commitments**

The Group had capital expenditures committed but not provided in these accounts at the date of the Statement of Financial Position of approximately DKK 838 million which relate to the farming segments in both the Faroe Islands and Scotland.

**Note 7. Transactions with Related Parties**

Note 5.2 in Bakkafrøst's Annual Report for 2020 provides detailed information on related parties' transactions.

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

**Note 8. Fair Value Measurements**

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

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

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

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

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

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

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

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

As on 30 September 2021, the Group held the following classes of assets/liabilities measured at fair value:

<b>DKK 1,000</b>	<b>Cost</b>				
<b>Assets and liabilities measured at fair value</b>	<b>Fair value</b>	<b>amount</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Biological assets (biomass)	2,703,268	1,958,608	0	0	2,703,268
<b>Assets measured at fair value 30/09-2021</b>	<b>2,703,268</b>	<b>1,958,608</b>	<b>0</b>	<b>0</b>	<b>2,703,268</b>
<b>Liabilities measured at fair value 30/09-2021</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Biological assets (biomass)	2,117,024	1,971,637	0	0	2,117,024
<b>Assets measured at fair value 31/12-2020</b>	<b>2,117,024</b>	<b>1,971,637</b>	<b>0</b>	<b>0</b>	<b>2,117,024</b>
<b>Liabilities measured at fair value 31/12-2020</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Note 9. Business Combinations

There have been no new business combinations in 2020 or in the first nine months of 2021.

## Note 10. APM

### - Alternative Performance Measures

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

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

### NIBD

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

	30 Sep	31 Dec
DKK 1,000	2021	2020
Cash and cash equivalents	373,318	466,939
Long- and short-term interest-bearing debt	-2,359,589	-2,219,690
<b>Net interest-bearing debt</b>	<b>-1,986,271</b>	<b>-1,752,751</b>

### Operational EBIT

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

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

	Q3	Q3	YTD	YTD
DKK 1,000	2021	2020	2021	2020
<b>EBIT</b>	<b>161,576</b>	<b>217,739</b>	<b>1,196,557</b>	<b>621,893</b>
Fair value adjustments of biological assets	-113,713	-124,429	-574,821	-140,368
Income from associates	-7,963	0	-12,361	0
Revenue tax	30,645	9,353	92,160	51,118
<b>Operational EBIT</b>	<b>70,545</b>	<b>102,663</b>	<b>701,535</b>	<b>532,643</b>

**Operational EBIT per kg**

Farming segment FO:	<u>Operational EBIT Farming segment FO</u> Total harvested volumes (gw) FO
Farming segment SCT:	<u>Operational EBIT Farming segment SCT</u> Total harvested volumes (gw) SCT
VAP segment:	<u>Operational EBIT VAP segment</u> Total volumes produced (raw material gw)
Farming FO and VAP:	<u>Operational EBIT Farming FO and VAP segment</u> Total harvested volumes (gw) FO

**EBITDA**

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

**Adjusted EPS**

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

	Q3	Q3	YTD	YTD
DKK 1,000	2021	2020	2021	2020
Profit for the period to the shareholders of P/F Bakkafrøst	131,302	176,822	967,161	500,522
Fair value adjustment of biomass	-113,713	-124,429	-574,821	-140,368
Tax on fair value adjustment and onerous contracts provisions	20,468	22,397	103,468	25,266
<b>Adjusted profit for the period to shareholders of P/F Bakkafrøst</b>	<b>38,057</b>	<b>74,790</b>	<b>495,808</b>	<b>385,420</b>
<b>Time-weighted average number of shares outstanding through the period</b>	<b>59,061,912</b>	<b>59,105,888</b>	<b>59,061,912</b>	<b>59,105,888</b>
<b>Adjusted earnings per share (before fair value adjustment of biomass and provisions for onerous contracts) (adjusted EPS)</b>	<b>0.64</b>	<b>1.27</b>	<b>8.39</b>	<b>6.52</b>

**ROCE**

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

	Q3	Q3	YTD	YTD
DKK 1,000	2021	2020	2021	2020
Group -Operational EBIT	70,545	102,663	701,535	532,643
Average Capital Employed	13,504,339	11,776,841	13,278,028	11,776,841
<b>ROCE</b>	<b>0.5%</b>	<b>0.9%</b>	<b>5.3%</b>	<b>4.5%</b>

**Note 11. Correction to comparative figures**

A reclassification is made in the comparative figures in 2020 between the line items "Purchase of goods" and "Salary and personnel expenses)". The correction is made for an error in the classification in the line items. The correction has no impact on other figures in the interim reports or annual account.

DKK 1,000	Before	Reclassification	After
Purchase of goods	-2,358,623	82,105	-2,276,518
Salary and personnel expenses	-608,347	-82,105	-690,452

## Contacts

**P/F BAKKAFROST**

Bakkavegur 9

FO-625 Glyvrar

Faroe Islands

Telephone: +298 40 50 00

Fax: +298 40 50 09

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

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