

# Q4 2021

**BAKKAFROST GROUP**  
Glyvrar 22 February 2022

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## SUMMARY OF Q4 2021

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## Operation

- **Record high harvest in the Faroe Islands:** 20,694 tgv in Q4 2021 (15,957 tgv in Q4 2020)
- **Harvest in Scotland:** 5,122 tgv in Q4 2021 (9,305 tgv in Q4 2020)
- **Feed sales** of 32,527 tonnes in Q4 2021\* (30,885 tonnes in Q4 2020\*)
- **Market balance** strong markets and tight supply outlook
- **Raw material purchase** of 27,322 tonnes in Q4 2021 (71,887 tonnes in Q4 2020)

## Revenues and Operational EBIT

- **Revenues** of DKK 1,488 million in Q4 2021 (DKK 1,139 million in Q4 2020), increased prices and strong demand
- **Operational EBIT\*\*** of DKK 120 million in Q4 2021 (DKK 86 million in Q4 2020). Margin hampered by biological issues

## Cash Flow

- **Cash flow from operations** of DKK 189 million in Q4 2021 (DKK -107 million in Q4 2020)

## Segments

- **Positive operational EBIT** for all segments except SCT. Feed segment high volumes and EBITDA, and Farming FO more than tripled margin vs Q4 2020

## Dividends

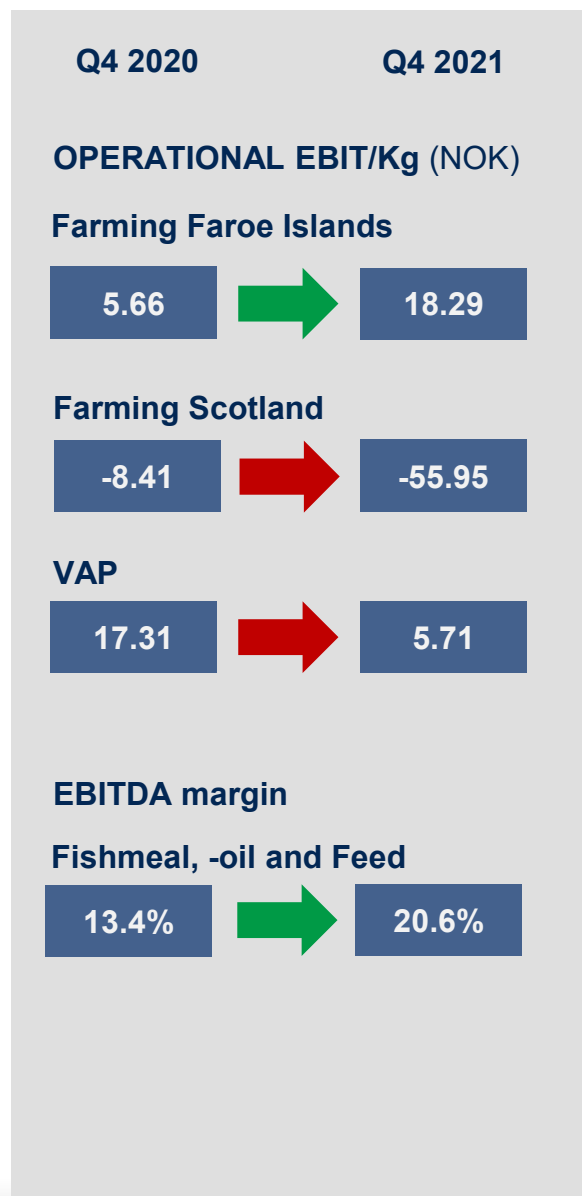
- **Proposed dividend** of DKK 5.14 per share for 2021

\*) Including internal sales of 31,649 tonnes in Q4 2021 (29,516 tonnes in Q4 2020)

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

# SUMMARY OF THE QUARTER

HIGHER OPERATIONAL EBIT DRIVEN MAINLY BY FARMING FAROE ISLANDS



(DKK million)	Q4 21	Q4 20	YTD 2021	YTD 2020
Operating revenue	1,488	1,139	5,554	4,652
Operational EBITDA	270	215	1,352	1,068
<b>Operational EBIT</b>	<b>120</b>	<b>89</b>	<b>821</b>	<b>621</b>
<b>Profit for the period</b>	<b>-3</b>	<b>-38</b>	<b>964</b>	<b>463</b>
Operational EBITDA margin	18.2%	18.9%	24.3%	23.0%
Operational EBIT margin	8.0%	7.8%	14.8%	13.4%
Operational EBIT/Kg (Farming FO) (NOK)	18.29	5.66	18.37	12.69
Operational EBIT/Kg (Farming FO and VAP) (NOK)	20.11	12.92	20.80	16.65
Operational EBIT/Kg (VAP) (NOK)	5.71	17.31	7.36	8.51
Operational EBIT/Kg (Farming SCT) (NOK)	-55.95	-8.41	-11.49	-0.99
EBITDA margin (Fishmeal, -oil and Feed)	20.6%	13.4%	18.5%	14.6%

Group Operational EBIT DKK 120 million in Q4 2021, compared to DKK 89 million in Q4 2020



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**Average spot prices increased y/y but decreased q/q in Q4 2021**

(NOK/KG)

y/y:

**44.23**  
(Q4 2020)

**37.2%**  
**16.48**

**60.71**  
(Q4 2021)

q/q:

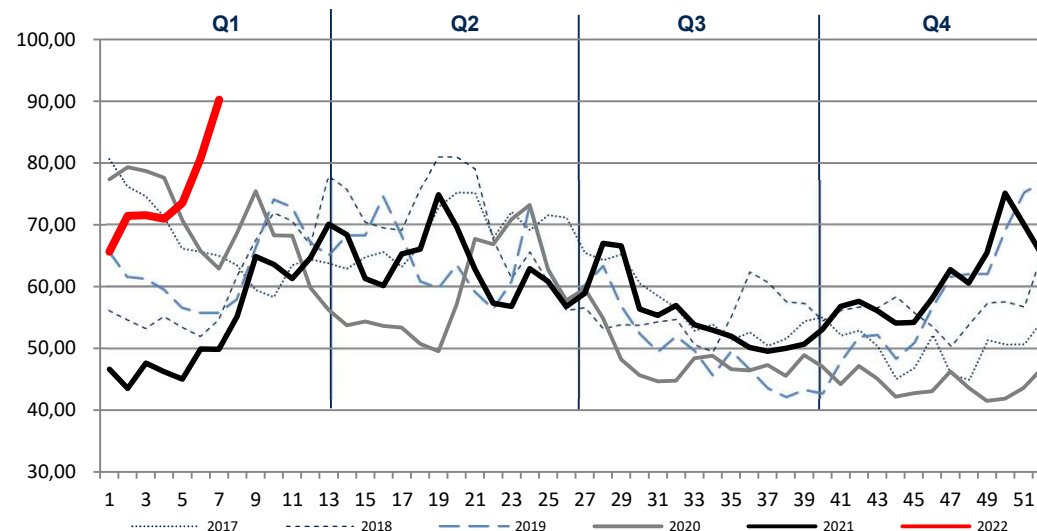
**55.41**  
(Q3 2021)

**9.6%**  
**5.30**

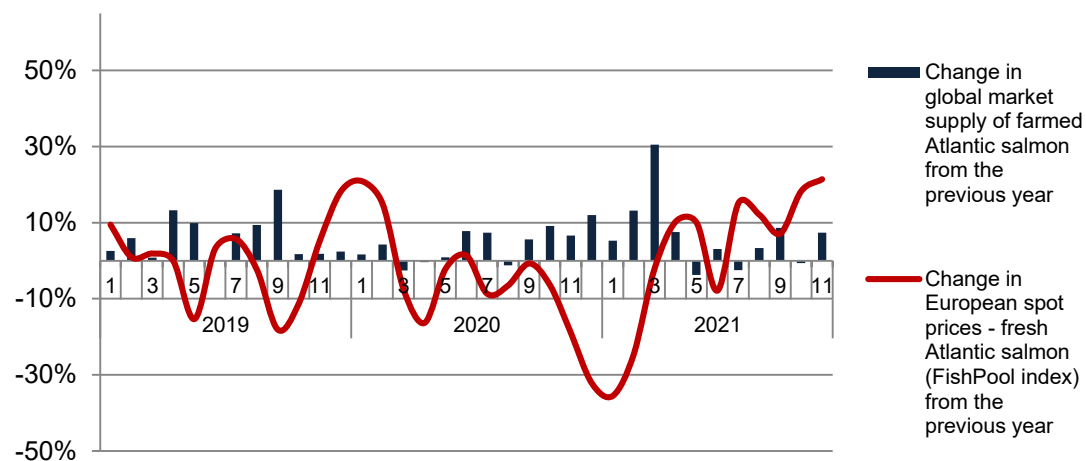
**60.71**  
(Q4 2021)

**Increasing spot prices throughout the quarter except the last two weeks  
- Increased again in 2022**

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



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



Source: Kontali





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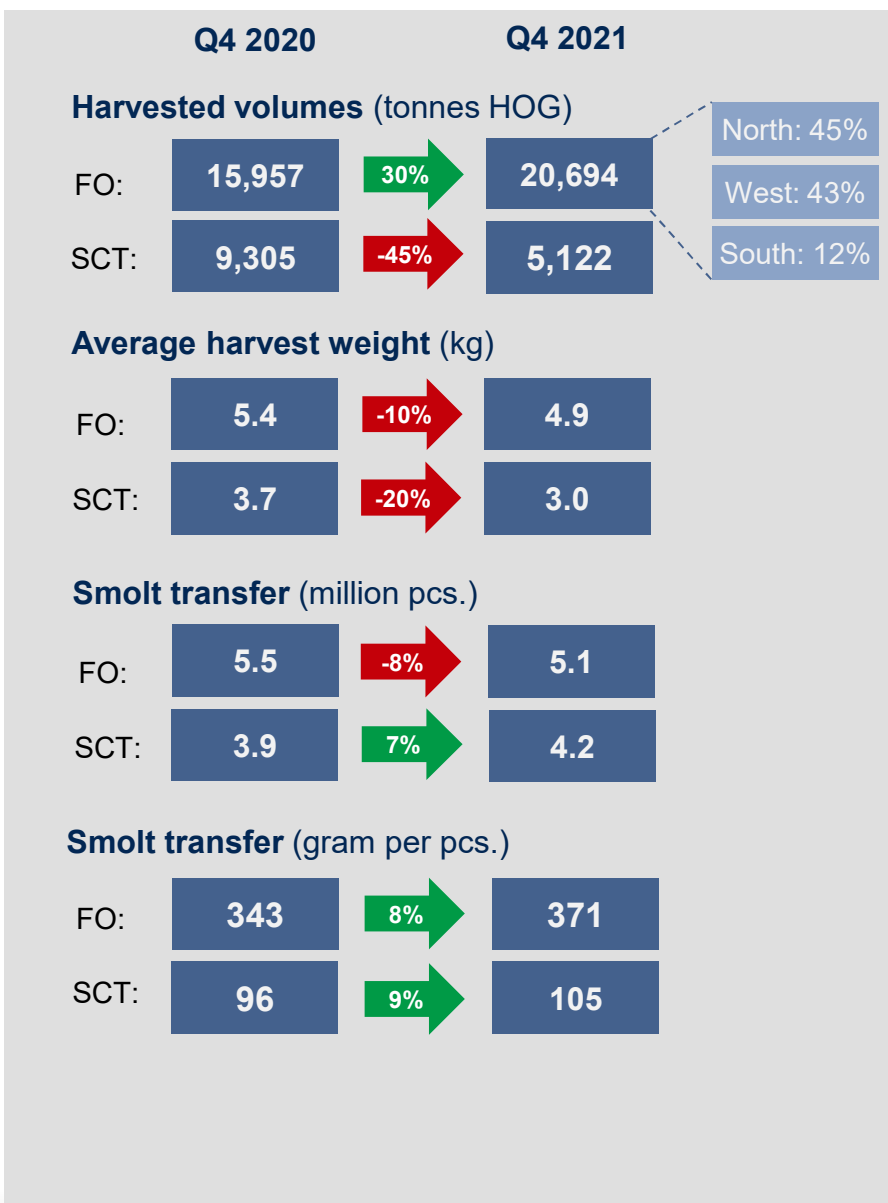
**BAKKAFROST**

ESTABLISHED 1968



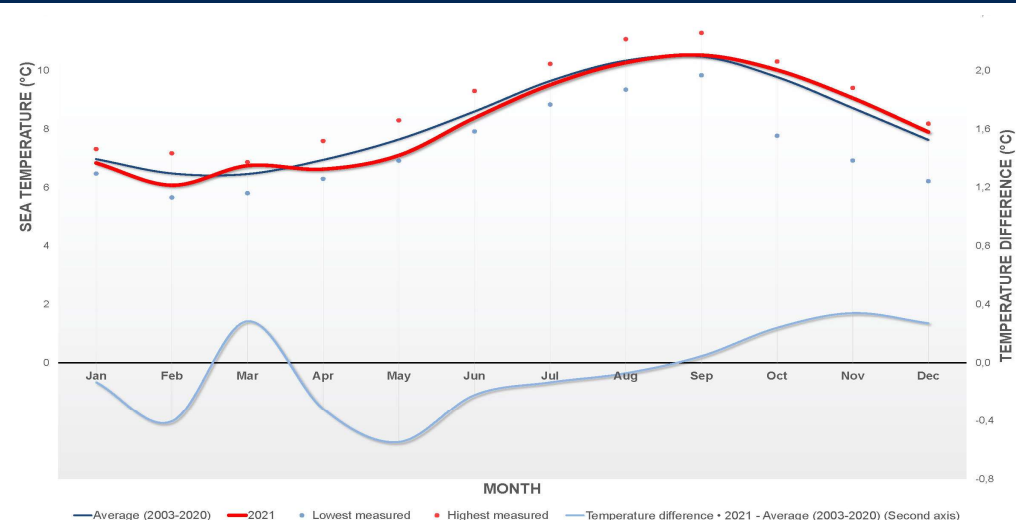
# FARMING – HARVEST VOLUME

INCREASED HARVEST IN FO AND DECREASED IN SCT – INCREASED AVG. SMOLT SIZE



Harvest Volumes tonnes [HOG]	Q4 21	Q4 20	YTD 21	YTD 20
FO - North Region	9,268	6,486	26,082	31,029
FO - West Region	8,904	6,965	32,253	14,415
FO - South Region	2,522	2,506	8,883	5,256
<b>FO – Total</b>	<b>20,694</b>	<b>15,957</b>	<b>67,217</b>	<b>50,700</b>
SCT	5,122	9,305	29,672	34,986
<b>Total (FO &amp; SCT)</b>	<b>25,816</b>	<b>25,262</b>	<b>96,889</b>	<b>85,686</b>

## Sea water temperatures at 18m depth in the Faroe Islands



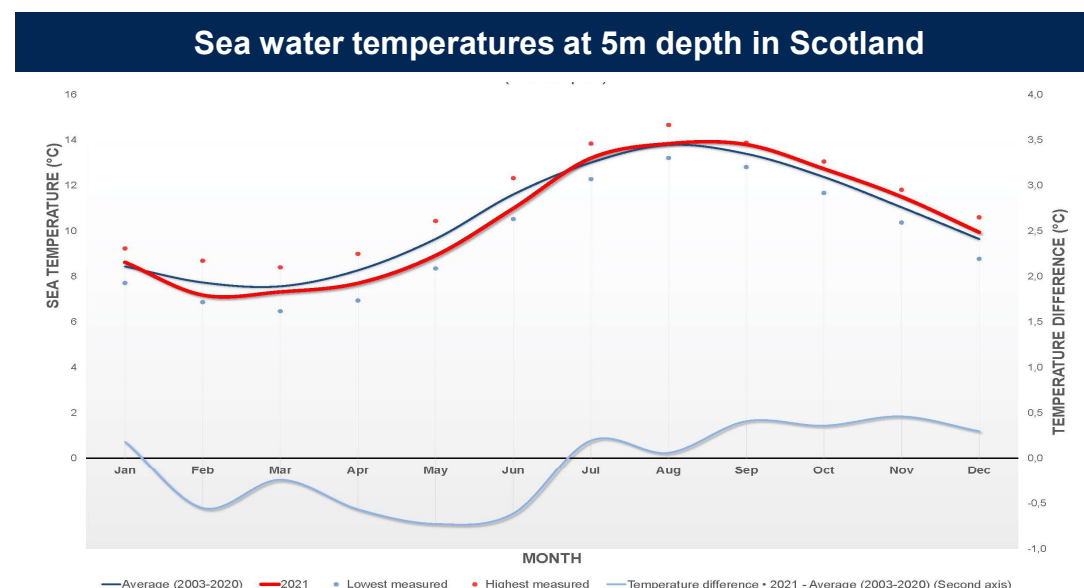
# FARMING – OPERATIONAL PERFORMANCE

HIGHER OPERATIONAL EBIT AND OPERATING REVENUE IN FO  
LOWER OPERATIONAL EBIT AND OPERATING REVENUE IN SCT

	Q4 2020		Q4 2021
<b>Operational EBIT (mDKK)</b>			
FO:	63	351% →	282
SCT:	-54	-295% →	-214
<b>Operational EBIT margin</b>			
FO:	10%	→	25%
SCT:	-14%	→	-98%
<b>Operating revenue (mDKK)</b>			
FO:	603	84% →	1,111
SCT:	389	-44% →	218

Farming FO (DKK million)	Q4 21	Q4 20	YTD 21	YTD 20
Operating revenue	1,111	603	3,477	2,340
Operational EBIT	282	63	904	448
Operational EBIT margin	25%	10%	26%	19%

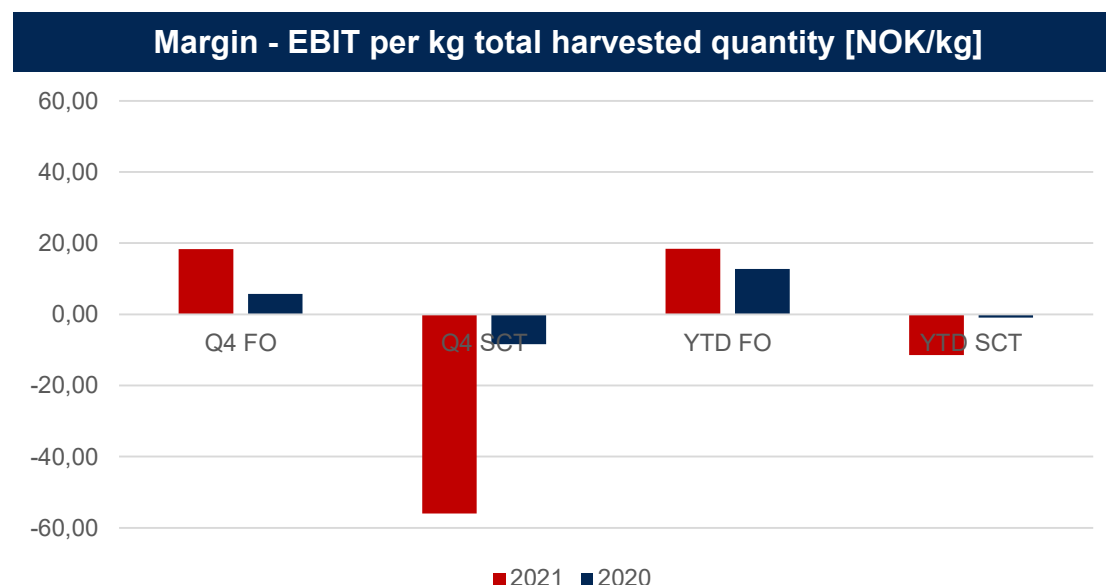
Farming SCT (DKK million)	Q4 21	Q4 20	YTD 21	YTD 20
Operating revenue	218	389	1,455	1,596
Operational EBIT	-214	-54	-249	-24
Operational EBIT margin	-98%	-14%	-17%	-2%





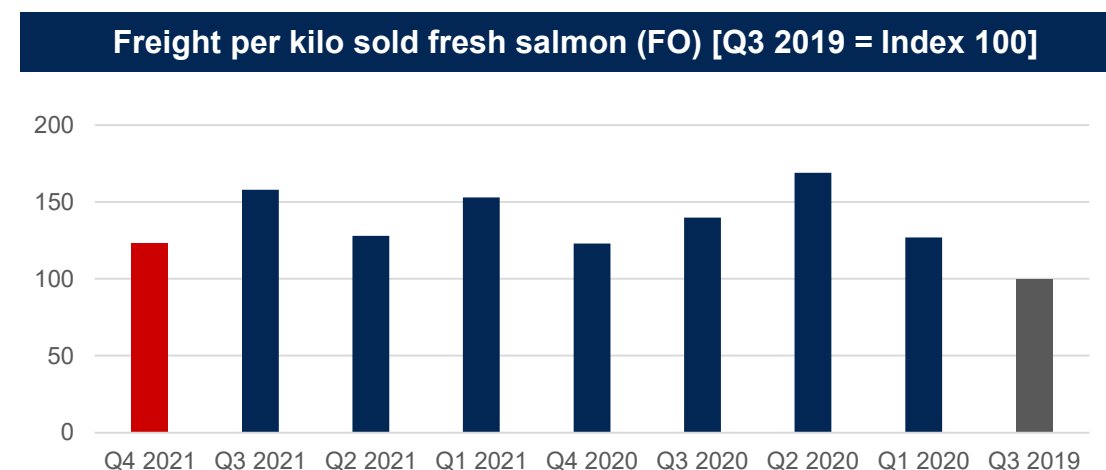
# FARMING – OPERATIONAL PERFORMANCE

	Q4 2020		Q4 2021
<b>Operational EBIT per kg (NOK)</b>			
FO:	5.66	12.62	18.29
SCT:	-8.41	-47.55	-55.95



**FO:** Strong growth and good FCR. Higher sea lice levels requiring more treatments and leading to higher mortality.

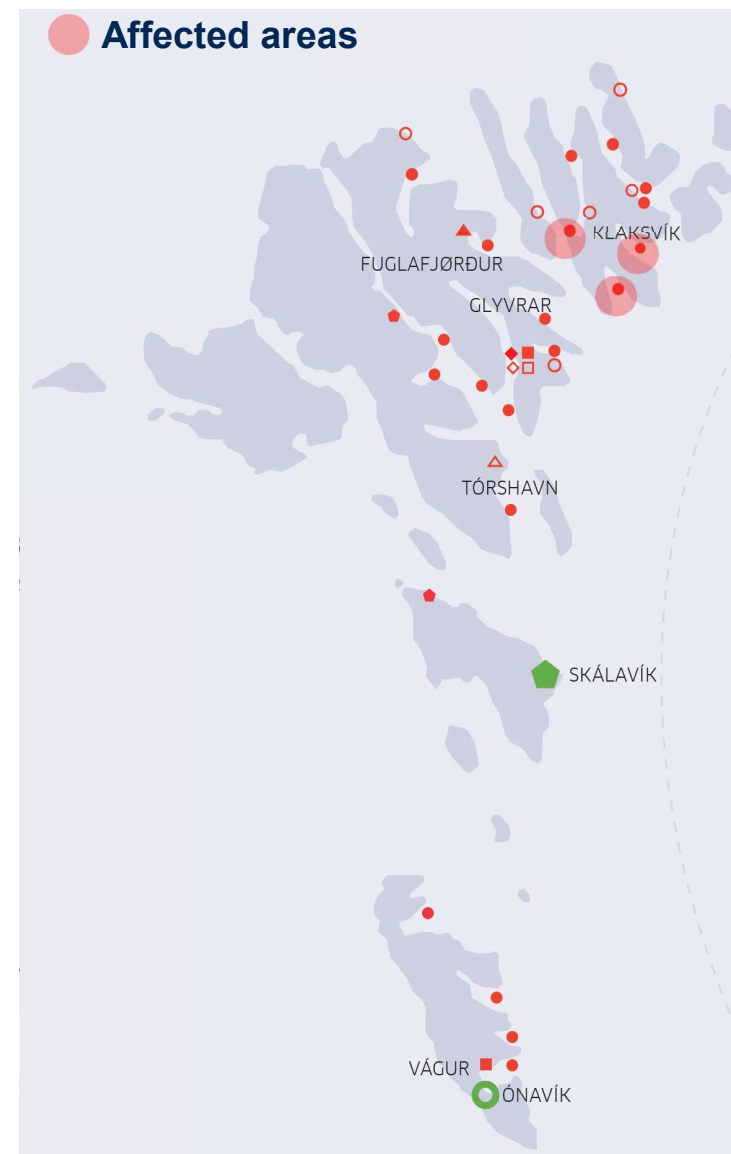
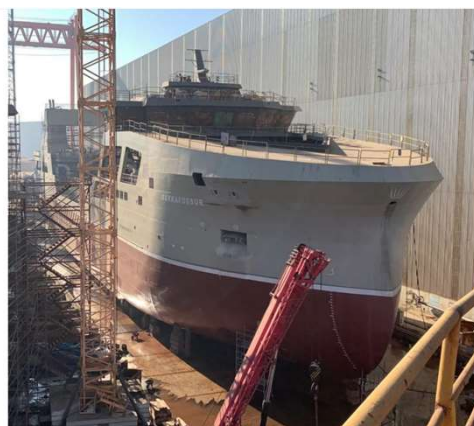
**SCT:** High mortality due to environmental blooms (micro-jelly/hydrozoan zooplankton) as secondary complication on top of underlying gill health issues



## FARMING FAROE ISLANDS IN Q4 2021

- 45 mDKK in exceptional mortality
- Main cause:
  - High sea lice levels requiring more treatments of weak fish with underlying reduced gill health, resulting in higher post treatment mortality
- 3 sites affected
- Impact on operational EBIT/kg for Farming FO:
 

as reported	Without exceptional mortality
18.29 NOK/kg	21.22 NOK/kg
- Freshwater treatment capacity significantly improved with delivery of 7,000m<sup>3</sup> M/S Bakkafossur (summer 2022)





# FARMING SCOTLAND IN Q4 2021

- 179 mDKK in exceptional mortality
- Main cause:
  - *Hydrozoan bloom as secondary complication to underlying reduced gill health*
- 12 sites affected across entire farming area
- Significant impact on operational EBIT/kg:

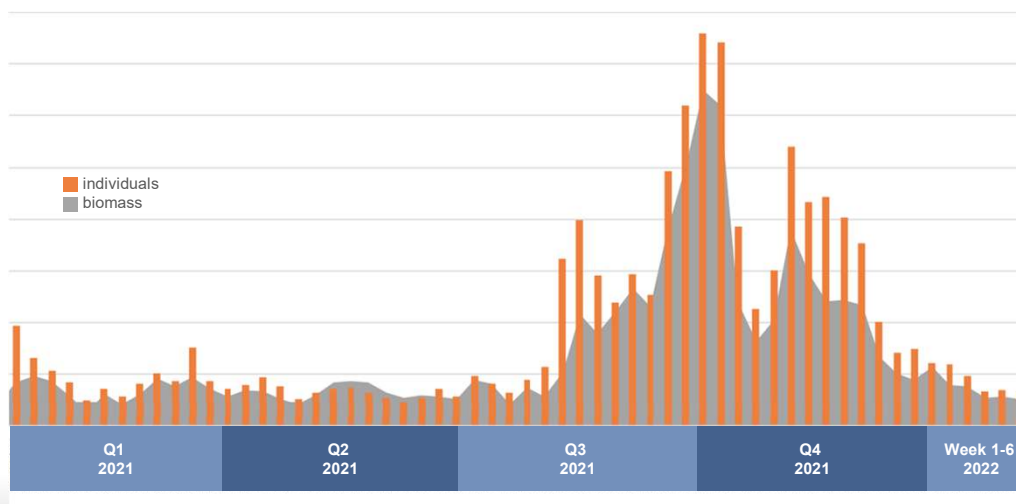
as reported

**-55.95**  
NOK/kg

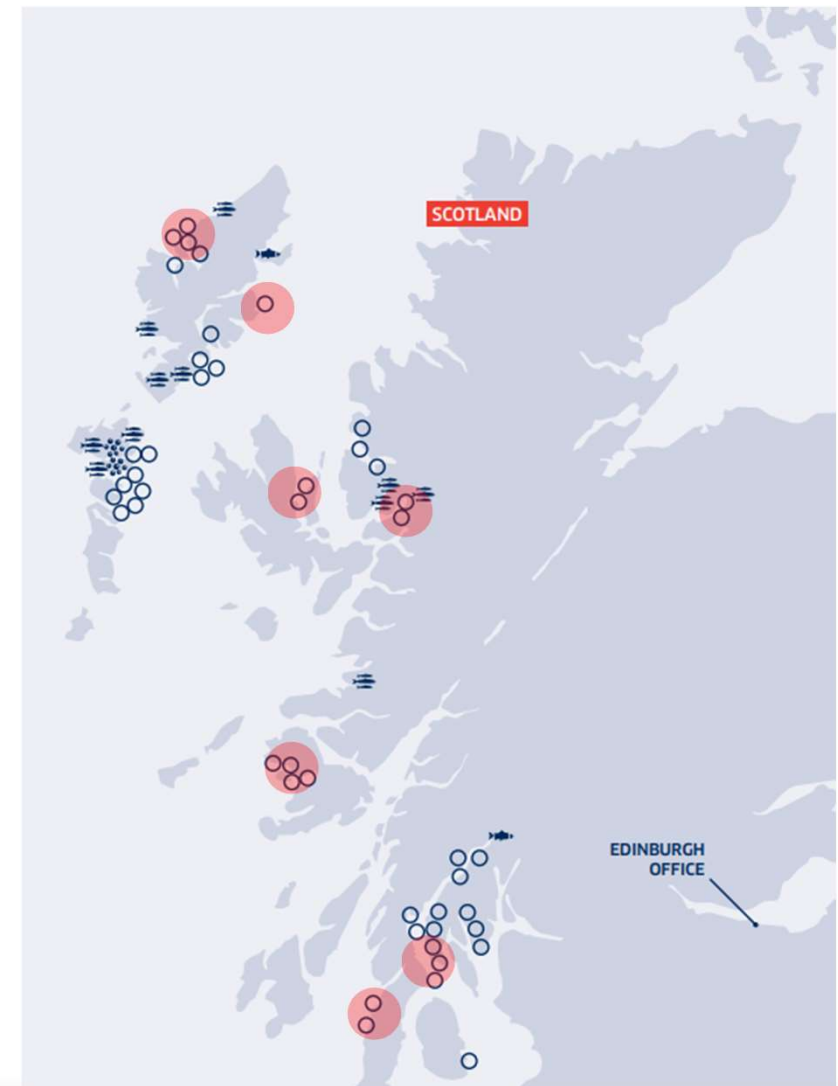
Without exceptional mortality

**-9.09**  
NOK/kg

- Mortality is back at normal levels after peak in October:



● Affected areas



- Significant increase of freshwater treatment capacity in 2022
- Enables a preventive treatment strategy to ensure strong gill health ahead of the challenging autumn

Ronja Star



**In service July 2022**

- 4,000m<sup>3</sup>, live haul
- Reverse Osmosis system

Aqua Kvaløy – Vessel Presentation



**In service March 2022**

- 2,800m<sup>3</sup>, live haul
- Reverse Osmosis system

Ronja Fisk



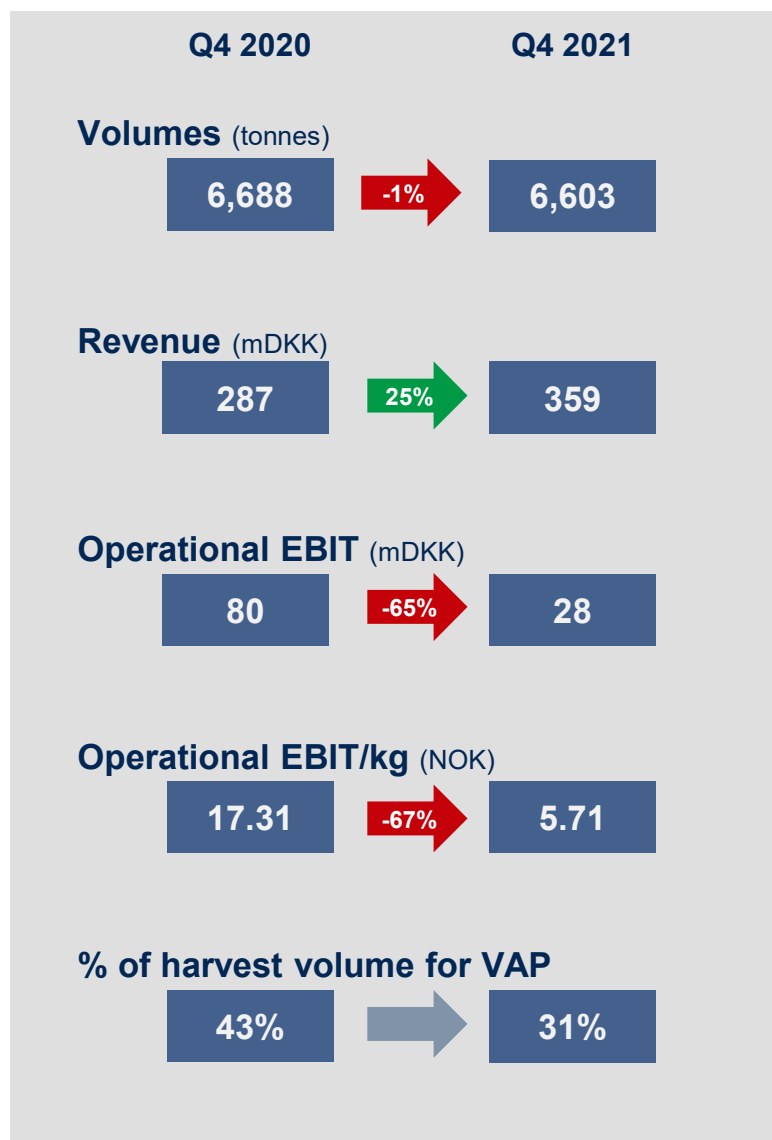
**In service now**

- 2,500m<sup>3</sup>, live haul
- Reverse Osmosis system

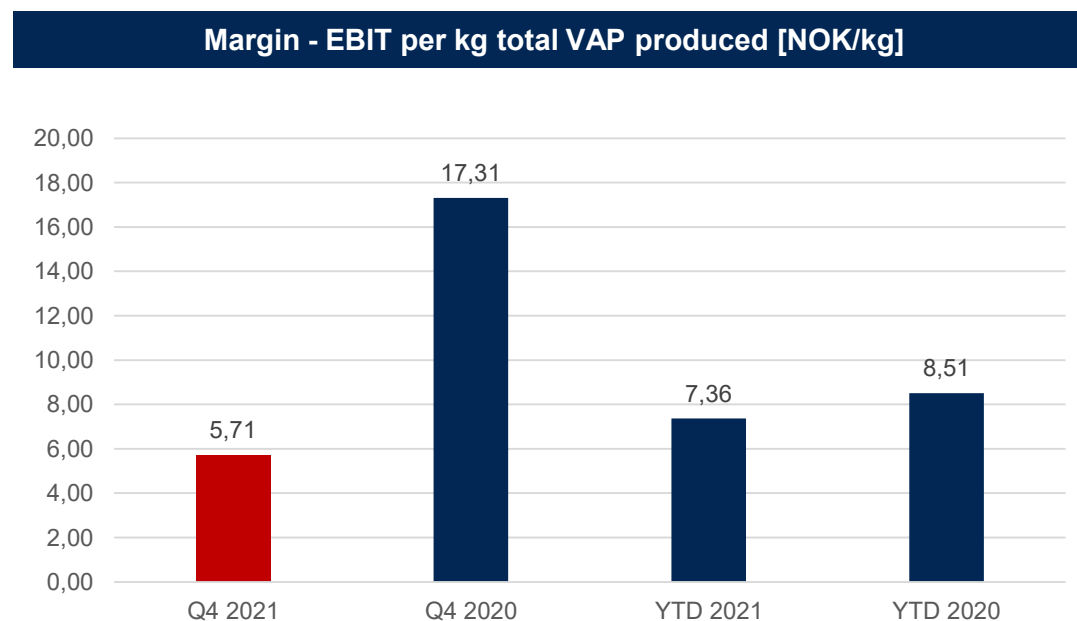


## VALUE ADDED PRODUCTS (VAP)

### SAME VOLUMES AND HIGHER COST OF RAW MATERIAL

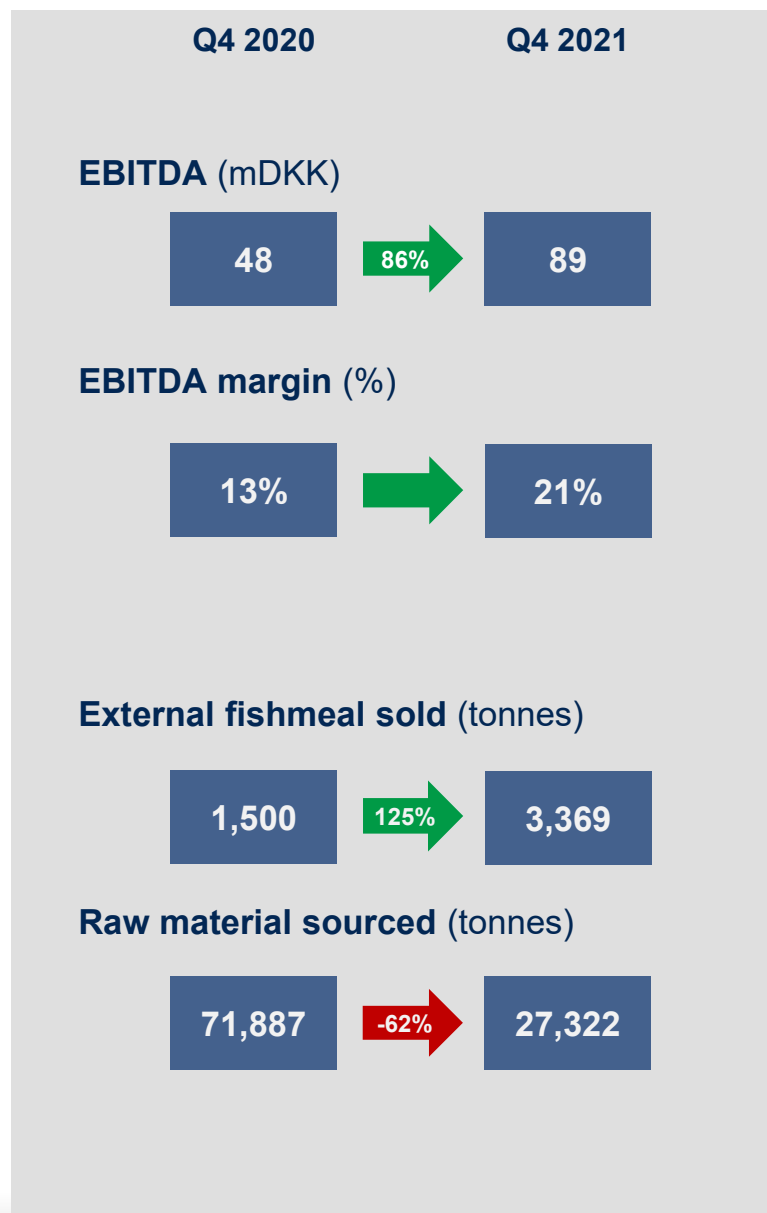


(DKK million)	Q4 21	Q4 20	YTD 21	YTD 20
Operating revenue	359	287	1,195	1,116
Operational EBIT	28	80	120	140
Operational EBIT margin	8%	28%	10%	13%
Farming FO transferred to VAP (tgw)	6,493	6,790	21,974	23,931
VAP produced (tgw)	6,603	6,688	22,180	23,594



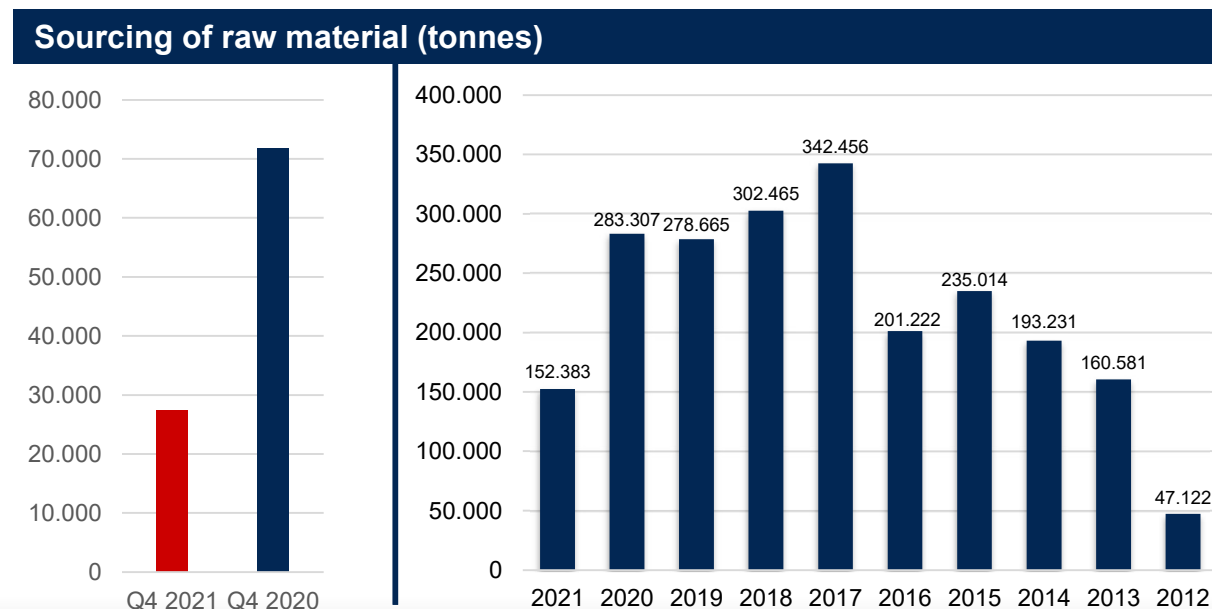
# FISHMEAL, OIL AND FEED (FOF)

LOWER RAW MATERIAL SOURCING AND HIGHER SALES OF FEED AND FISHMEAL



(DKK million)	Q4 21	Q4 20	YTD 21	YTD 20
Operating revenue	433	359	1,659	1,419
EBITDA	89	48	306	208
EBITDA margin	21%	13%	18%	15%
Feed sold (tonnes)*	32,527	30,885	128,489	111,998
Fishmeal sold external (tonnes)	3,369	1,500	16,376	18,675

- Including internal sales, corresponding to 97% of feed volumes in Q4 2021 (Q4 2020: 96%)





# MARKET CONDITIONS FEED

## SIGNIFICANT INCREASE IN INTERNAL FEED SALES

Q4 2020

Q4 2021

**Total feed sales increased (tonnes)**

30,885



32,527

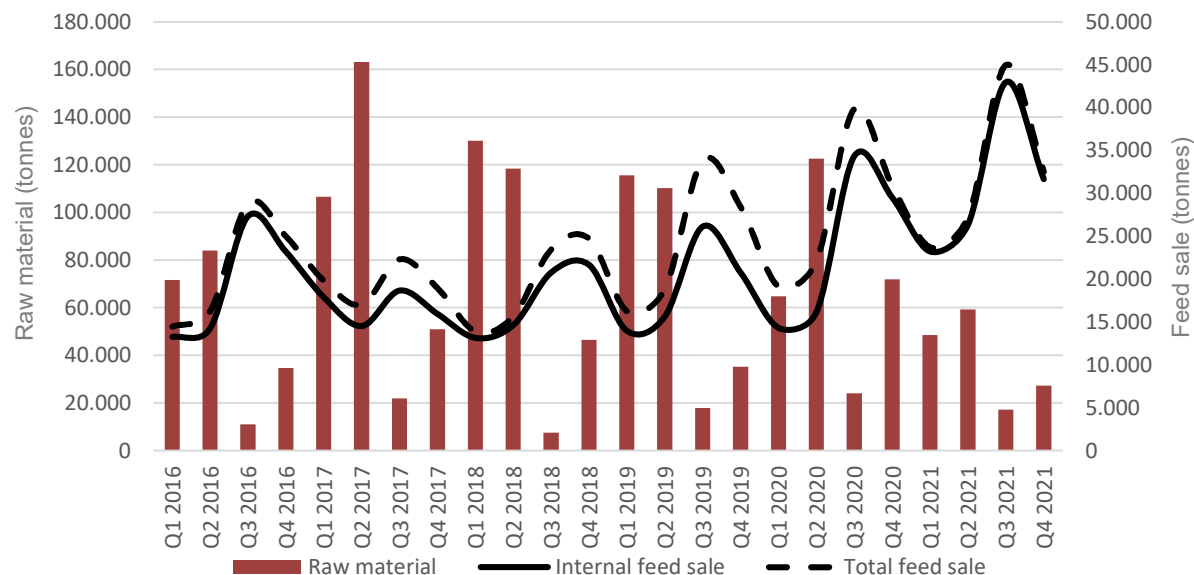
**External feed sale decreased (tonnes)**

1,369



878

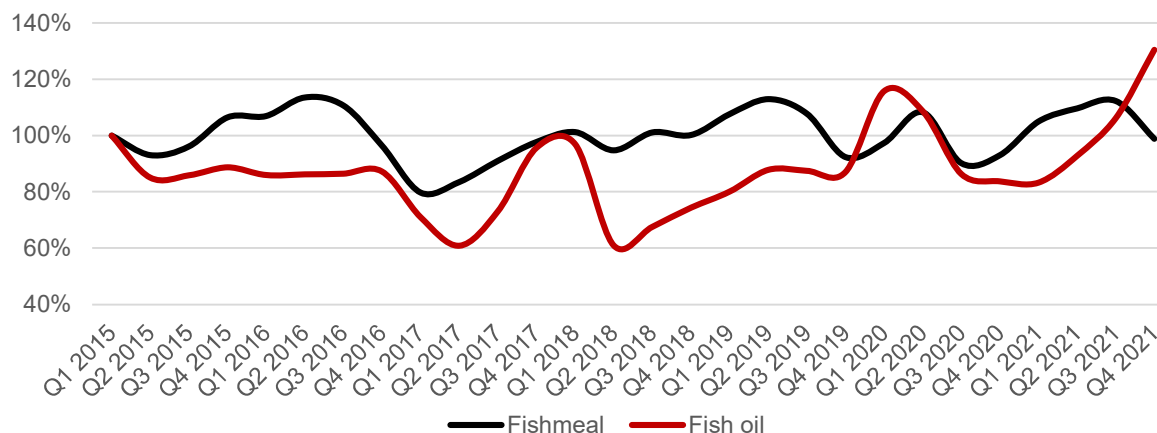
**Volumes of raw material purchase and feed sale [tonnes]**



### Market fluctuations

Fishmeal price and fish oil price increased in Q4 2021, compared to the same quarter last year.

**Fishmeal and fish oil price index in DKK (Q1 2015 = 100)**



Source: Holtermann



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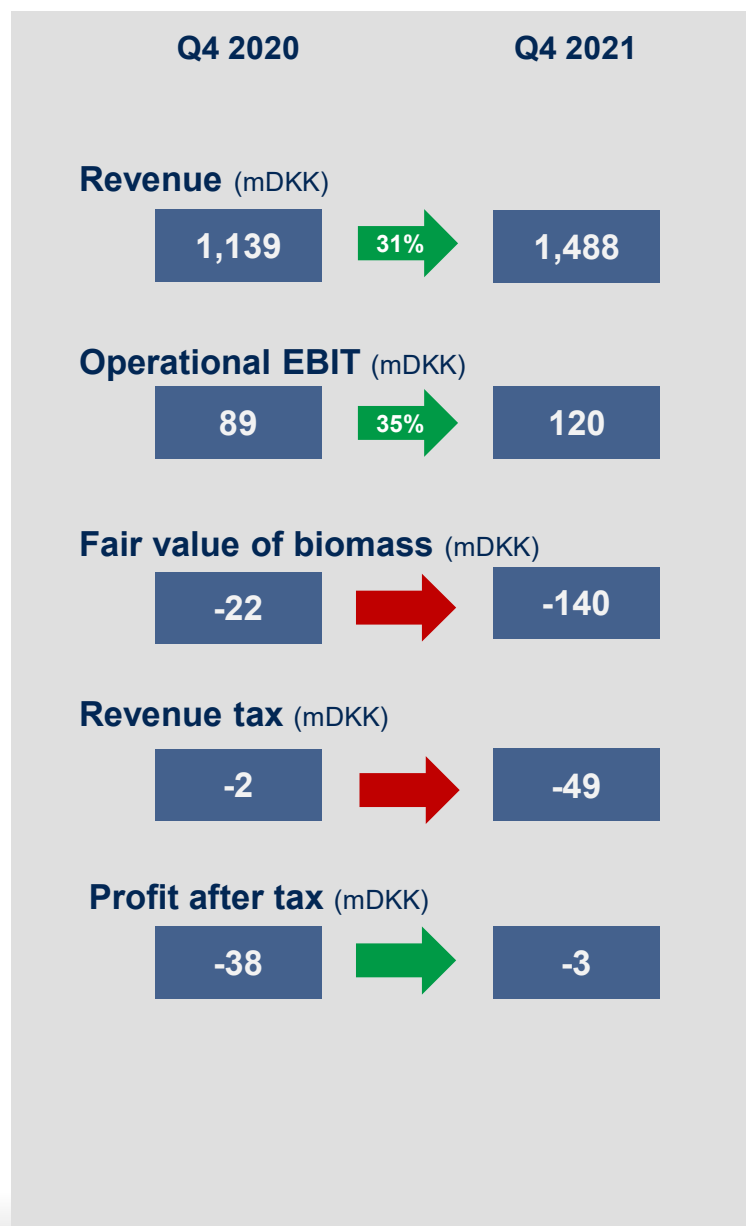
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# GROUP PROFIT AND LOSS

## HIGHER REVENUE, OPERATIONAL EBIT AND PROFIT

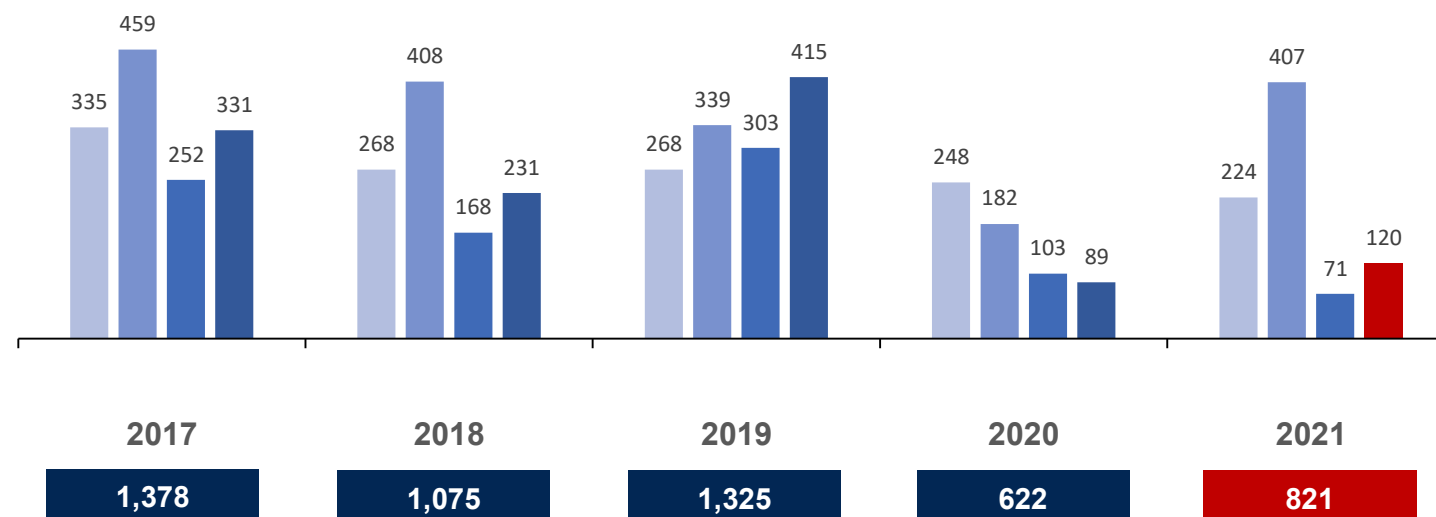


(DKK million)	Q4 21	Q4 20	YTD 21	YTD 20
Operating revenue	1,488	1,139	5,554	4,652
<b>Operational EBITDA</b>	<b>270</b>	<b>215</b>	<b>1,352</b>	<b>1,068</b>
<b>Operational EBIT</b>	<b>120</b>	<b>89</b>	<b>821</b>	<b>621</b>
Fair value adjustment of biological assets	-140	-22	435	118
Onerous contracts	0	0	0	0
Income from associates	18	6	30	6
Revenue tax	-49	-2	-141	-54
<b>EBIT</b>	<b>-52</b>	<b>69</b>	<b>1,145</b>	<b>691</b>
Net Financial items	8	-29	-7	-65
<b>EBT</b>	<b>-44</b>	<b>41</b>	<b>1,138</b>	<b>626</b>
Taxes	41	-78	-174	-163
<b>Profit for the period</b>	<b>-3</b>	<b>-38</b>	<b>964</b>	<b>463</b>
<b>Operational EBITDA margin</b>	<b>18.2%</b>	<b>18.9%</b>	<b>24.3%</b>	<b>23.0%</b>
<b>Operational EBIT margin</b>	<b>8.0%</b>	<b>7.8%</b>	<b>14.8%</b>	<b>13.4%</b>
<b>Operational EBIT/kg (Farming FO and VAP) (NOK)</b>	<b>20.11</b>	<b>12.92</b>	<b>20.80</b>	<b>16.65</b>
<b>Operational EBIT/kg (Farming Scotland) (NOK)</b>	<b>-55.95</b>	<b>-8.41</b>	<b>-11.49</b>	<b>-0.99</b>
<b>EBITDA margin (fishmeal, oil and feed)</b>	<b>20.6%</b>	<b>13.4%</b>	<b>18.5%</b>	<b>14.6%</b>

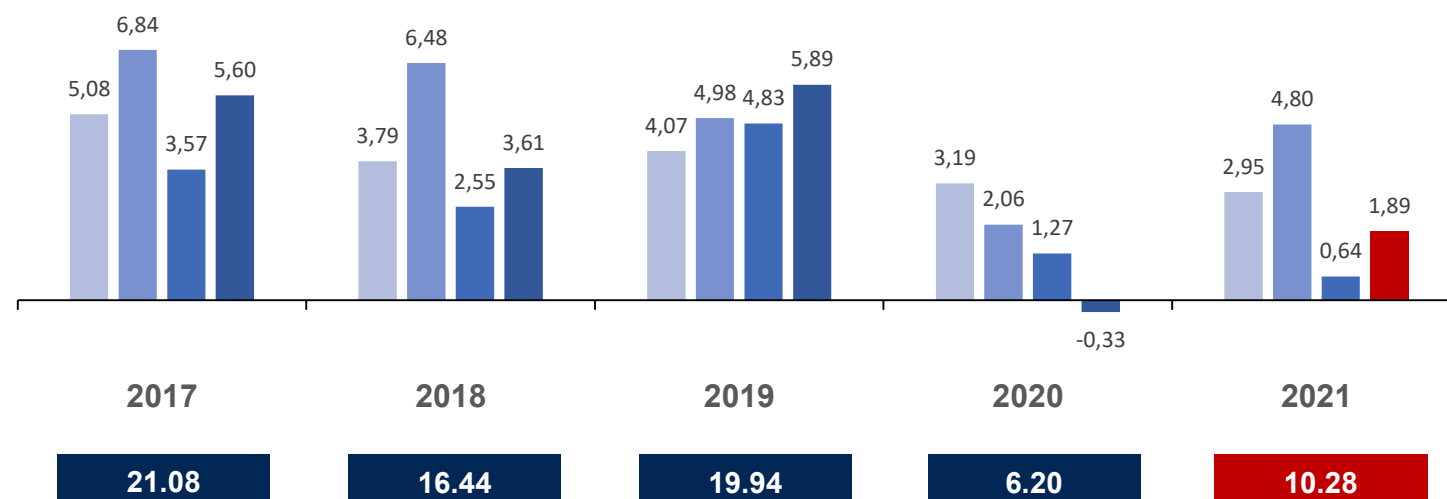
\* Operational EBITDA and EBIT aligned for fair value adjustment of biomass, onerous contracts provisions, income from associates and revenue tax.

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

## Operational EBIT\* (mDKK)



## Adjusted EPS\*\* (DKK)



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

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

# BALANCE SHEET

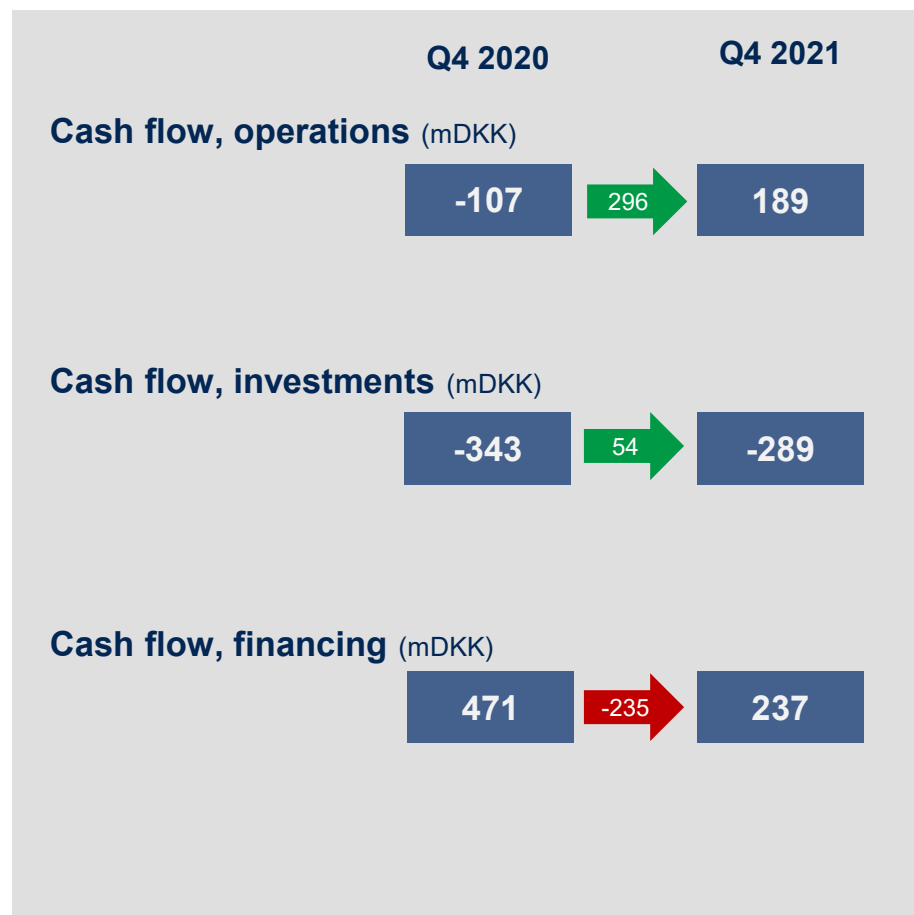
## Headlines (mDKK)

	End 2020		End 2021
<b>PPE:</b>	4,221	668	4,889
<b>Biological assets:</b> <i>*(whereof mDKK 605 (145) are fair value adjustments)</i>	2,117*	331	2,448*
<b>Inventory:</b>	776	-67	709
<b>Receivables:</b>	490	334	824
<b>Cash &amp; cash equiv.:</b>	467	42	509
<b>Equity:</b>	8,729	618	9,348
<b>Equity ratio:</b>	66%	-2	64%

(DKK million)	End 2021	End 2020
Intangible assets	4,496	4,493
Property, plant and equipment	4,889	4,221
Right of use assets	302	353
Financial assets	149	122
Long-term receivables	8	8
Deferred tax assets	215	27
Biological assets	2,448	2,117
Inventory	709	776
Financial derivatives	0	0
Receivables	824	490
Other receivables	79	134
Cash and cash equivalents	509	467
<b>Total Assets</b>	<b>14,628</b>	<b>13,208</b>
Equity	9,348	8,729
Deferred tax and other taxes	1,590	1,222
Long-term interest-bearing debt	2,635	2,220
Long-term leasing debt	246	265
Financial derivatives	8	11
Short-term leasing debt	88	131
Accounts and other payables	713	629
<b>Total Equity and Liabilities</b>	<b>14,628</b>	<b>13,208</b>



# CASH FLOW



(DKK million)	Q4 21	Q4 20	YTD 21	YTD 20
Cash flow from operations	189	-107	1,125	474
Cash flow from investments	-289	-343	-1,112	-816
Cash flow from financing	237	471	30	-500
Net change in cash	136	21	42	-843
Cash at the end of the period	509	467	509	467
Undrawn facilities	3,063	2,323	3,063	2,323

# NET INTEREST-BEARING DEBT (NIBD)

## NIBD INCREASED DURING Q4 2021

### NIBD was increased by:

- Net investments (mDKK 290)
- Taxes paid (mDKK 54)

### NIBD was decreased by:

- Cash flow, operating activities (mDKK -198)
- Change in working capital (mDKK -6)

### Development in NIBD in DKK millions

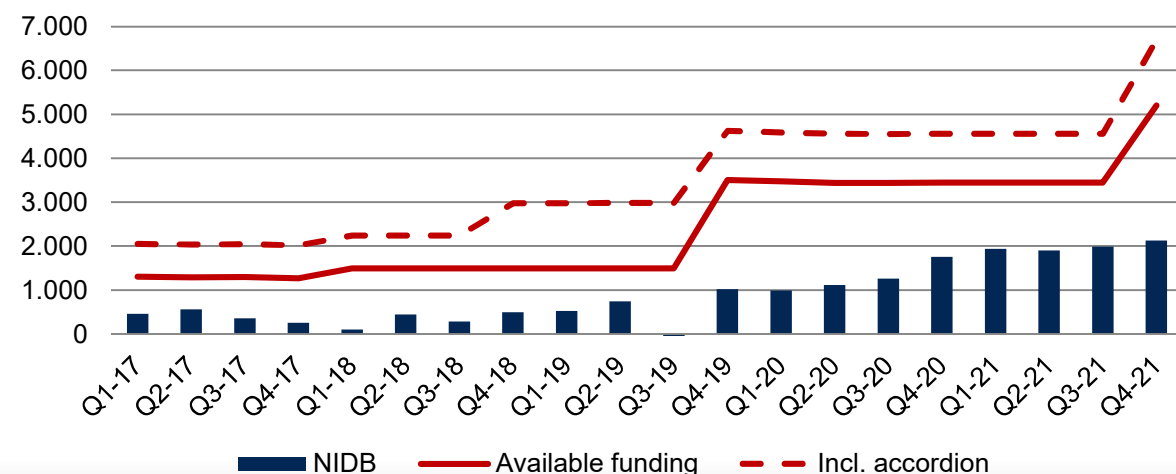


### Financing end Q4 2021

- NIBD: DKK 2,126 million
- Bank facilities of EUR 700 million, and an accordion of EUR 150 million.
- Undrawn credit facilities: DKK 3,063 million\*

\*) On the 10 December Bakkafrost entered at term sheet for a sustainability-linked EUR 700 million multicurrency revolving credit facility with a tenor of five years. The facility agreement is planned for signing by the end of February 2022.

### NIBD and available funding





**100%**  
**sustainable  
financing**



Commits to **reduce scope 3 emissions by 52%** per tonne of product sold **by 2030** from a 2020 base year. As with our scope 1 and 2 targets of 50% GHG emission reduction by 2030, the target will be submitted for approval by the **Science Based Targets initiative (SBTi)**.

Entered into term sheet for a **sustainability-linked** EUR 700 mEUR credit facility. **Sustainability KPI's** set:

- Increase **survivability**
- Reduce **bFCR**
- Increase **own production of renewable energy**

**Energy Globe Foundation**, a leader in the area of sustainability, has selected Bakkafrost-owned biogas plant **FÖRKA** as **National Winner of Energy Globe Awards**.



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## HARVESTED AND SOLD QUANTITY BY ORIGIN

- **5% increase in total quarterly harvest**
  - 3% increase in supply to the markets, taking inventory movements into account
- **10% increase in European harvest**
  - Norway close to license capacity
    - *Causing accelerated harvest*
  - Drop in UK harvest due to biological challenges
- **6% decrease in American harvest**
  - Significant decrease in Chile
    - *Due to low smolt release*
    - *Reduced harvest weight*
- **Some inventory build-up in the quarter, primarily in Chile**

SUPPLY DEVELOPMENT	Q4 2021	Q4 2020	Change %
Norway	401	365	9.9 %
UK	36	41	-10.8 %
Faroes	30	21	48.2 %
Iceland	10	10	6.6 %
Ireland	3	3	3.0 %
<b>Total Europe</b>	<b>481</b>	<b>438</b>	<b>9.6 %</b>
Chile	182	196	-7.3 %
Canada	31	31	1.2 %
USA	4	4	6.5 %
<b>Total Americas</b>	<b>217</b>	<b>231</b>	<b>-5.9 %</b>
Other	34	30	12.5 %
<b>Total (Harvested quantity)</b>	<b>731</b>	<b>699</b>	<b>4.6 %</b>
Inventory movements	-28	-17	64.0 %
<b>Total (Sold Quantity)</b>	<b>703</b>	<b>682</b>	<b>3.1 %</b>

Source: Kontali

## SALMON MARKETS, SOLD QUANTITY

### ■ 4% increase in the EU

- *Low compared to 10% harvest growth in Europe*
- *EU consumed larger than normal share last year due to Covid-19*

### ■ 5% increase in the US

- *High compared to 6% reduction in American harvest*
- *Sticky retail demand*
- *Food service recovering from Covid-19*
- *US market given priority by Chile*
- *Increase import from Europe*

### ■ High growth in China

- *Very low consumption in 2020*

### ■ Large drop in Russia

- *Reduced supply from Chile*

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

Markets	Estimated volumes		Q4 comparison		Estimated volumes		FY comparison	
	Q4 2021E	Q4 2020	Volume	%	FY 2021E	FY 2020	Volume	%
EU+UK	323 800	311 700	12 100	↑ 4 %	1 156 600	1 071 100	85 500	↑ 8 %
USA	139 800	133 000	6 800	↑ 5 %	570 200	504 700	65 500	↑ 13 %
Russia	26 900	29 000	-2 100	↓ -7 %	85 700	79 200	6 500	↑ 8 %
Japan	18 700	19 100	-400	↓ -2 %	64 700	64 000	700	↑ 1 %
Greater China	27 800	21 300	6 500	↑ 31 %	105 100	101 700	3 400	↑ 3 %
ASEAN	22 800	21 600	1 200	↑ 6 %	81 400	73 100	8 300	↑ 11 %
Latin America	45 000	52 100	-7 100	↓ -14 %	184 100	168 700	15 400	↑ 9 %
Ukraine	10 600	9 500	1 100	↑ 12 %	32 400	23 600	8 800	↑ 37 %
Other markets	87 600	84 600	3 000	↑ 4 %	314 000	298 800	15 200	↑ 5 %
<b>Total all markets</b>	<b>703 000</b>	<b>681 900</b>	<b>21 100</b>	<b>↑ 3.1 %</b>	<b>2 594 200</b>	<b>2 384 900</b>	<b>209 300</b>	<b>↑ 8.8 %</b>

#### Comments:

EU+UK incl. estimates for both European Union (Post-Brexit) & United Kingdom (England, Scotland, Wales & Northern Ireland).

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

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

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

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

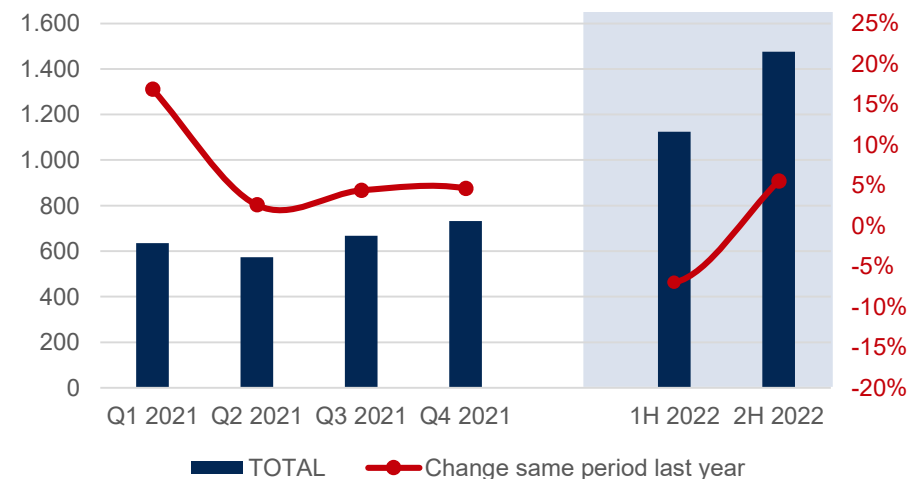
Source: Kontali



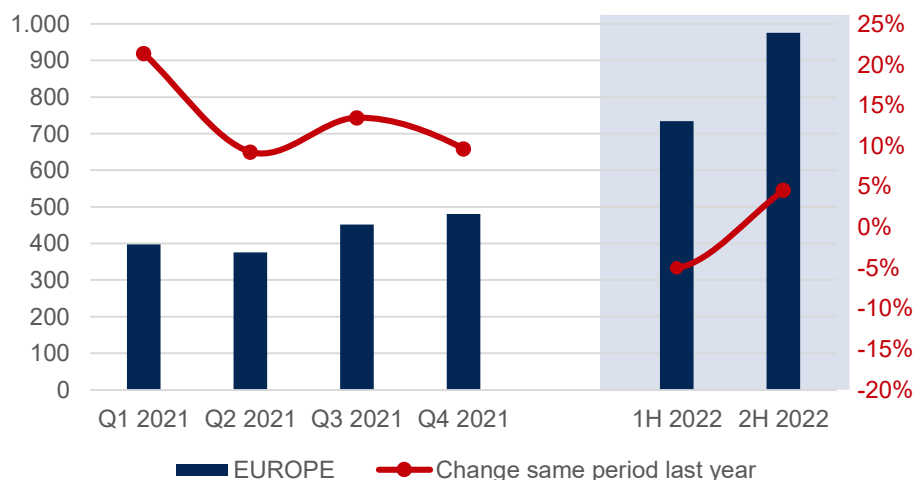
## SHORT TERM SUPPLY OUTLOOK

- Moderate growth expected coming periods
- 7% global supply setback during 1H 2022  
- Drop in both Europe and Americas
- 6% growth in 2H 2022
- Likely to see market based acceleration in harvest

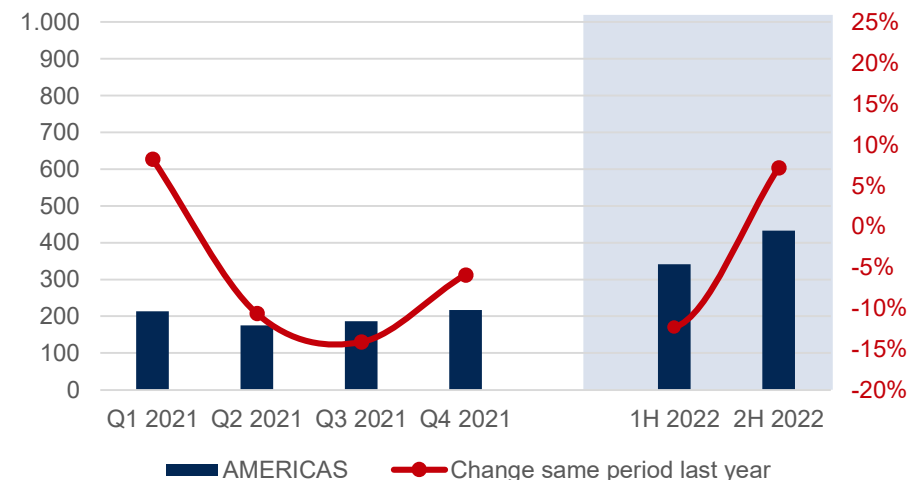
### SUPPLY - TOTAL



### SUPPLY - EUROPE



### SUPPLY - AMERICAS



Source: Kontali

## Market

- Global **harvest** increased 4.6% in Q4 2021 vs Q4 2020
- Global **supply** for 2022 expected to grow moderately:
  - decrease 7% in H1
  - increase 1% for FY 2022

## Farming

- In 2021, Bakkafrost harvested HOG 97,900 tonnes  
(Faroe Islands: 67,200 and Scotland: 29,700)
- In 2022, Bakkafrost expects to harvest HOG 103,000 tonnes  
(Faroe Islands: 68,000 and Scotland: 35,000)
- **Smolt release:**
  - In 2021, Bakkafrost released 25.5 million smolts  
(Faroe Islands: 14.4 and Scotland: 11.1)
  - In 2022, Bakkafrost expects to release 25.7 million smolts  
(Faroe Islands: 14.9 and Scotland: 10.8)

## Contracts

- For 2022, Bakkafrost has signed contracts for around 32% of the total expected harvest volumes in the Faroe Islands and Scotland

## Fishmeal, Oil and Feed

- Feed sales are expected to be around 130,000 tonnes in 2022
- Fishmeal and fish oil volumes are expected to be on similar level in 2022 as 2021

## Business development / Investment programme

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

SUMMARY OF Q4 2021

SALES

SEGMENT INFORMATION

FINANCIALS & ESG

MARKETS & OUTLOOK

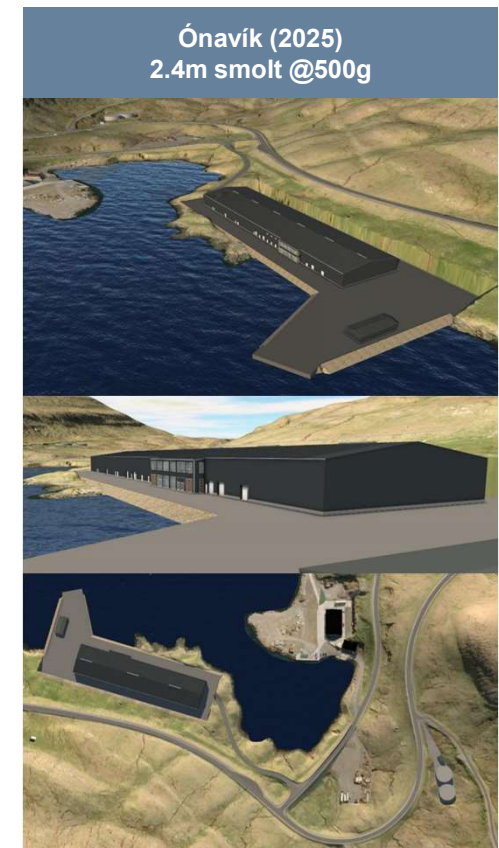
**APPENDIX**



# HATCHERY EXPANSIONS - FAROE ISLANDS

INCREASING HATCHERY CAPACITY FROM 15 TO 23 MILLION AT 500G

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

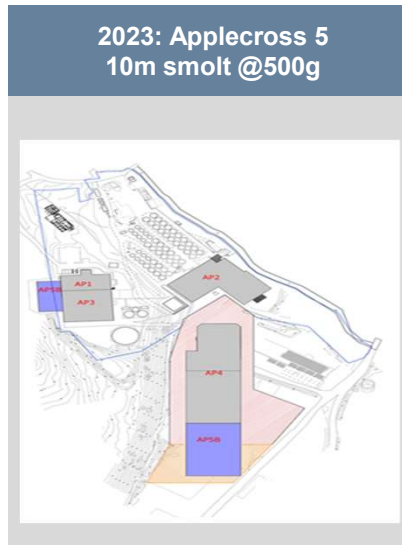


Existing hatcheries at Viðareiði, Gjógv and Húsar  
3.3m smolt @500g

# HATCHERY EXPANSION - SCOTLAND

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

- Significant increase in smolt capacity in Scotland



## SCOTLAND SITE OVERVIEW

7,742 TONNES CONSENT INCREASE SINCE THE ACQUISITION

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

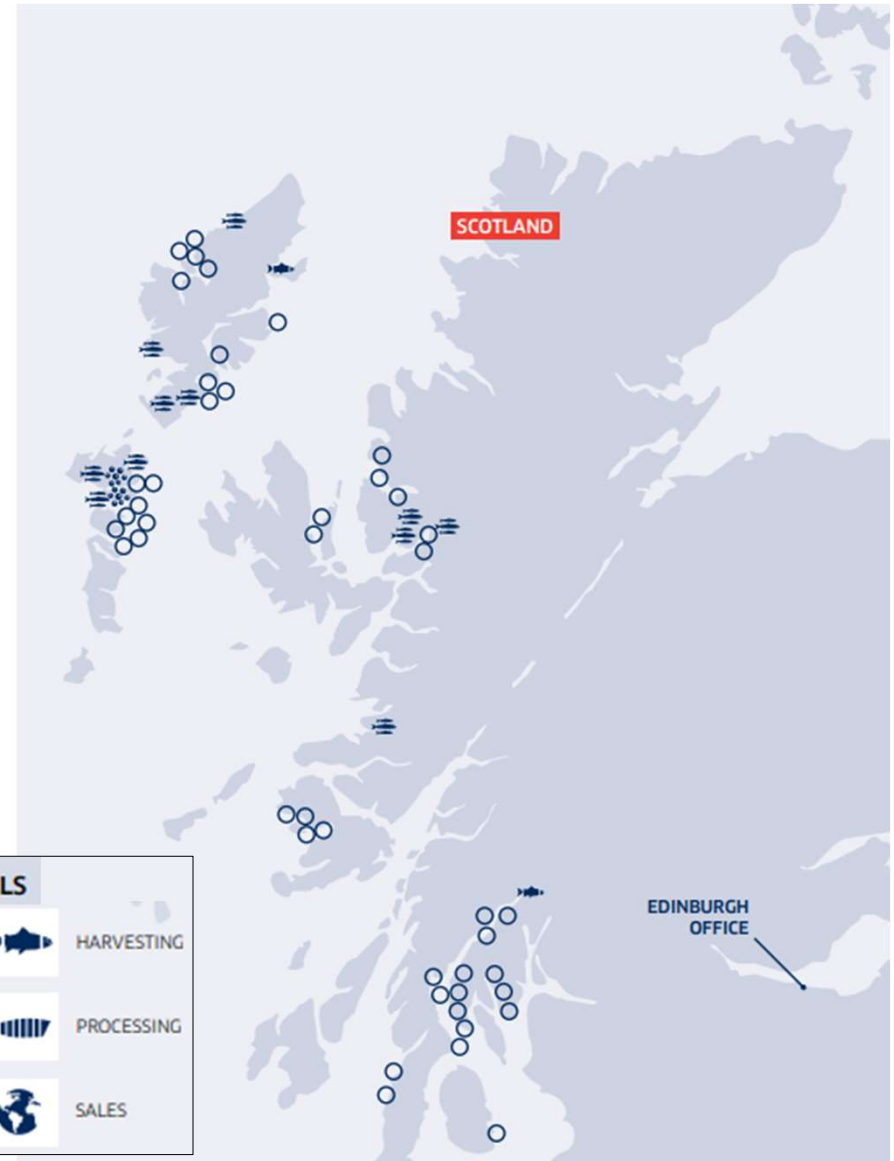
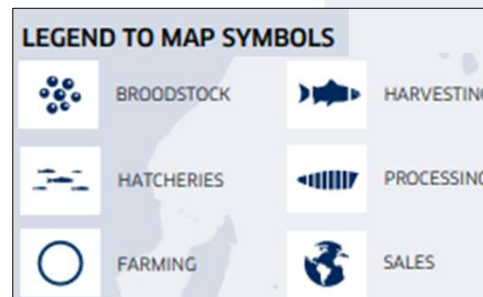
**Total consent is 74,765 tonnes in 44 farming sites:**

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

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

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

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





## SCOTLAND – STRATEGIC RATIONALE

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



West Strome, Scotland





## SCOTLAND – STRATEGIC RATIONALE

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

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

### 4. Financially attractive

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



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

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

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

## ~ 6.2BN PLANNED INVESTMENTS 2022-2026

FRONTLOADED TO ACCELERATE BUSINESS TRANSFORMATION IN SCOTLAND

### Faroe Islands:

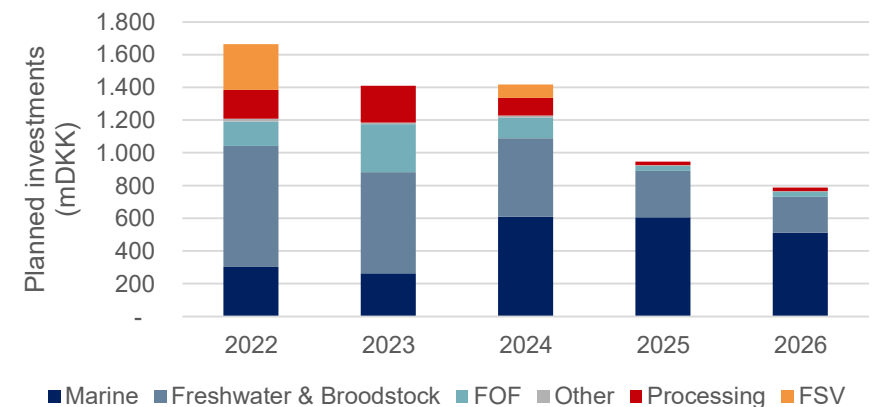
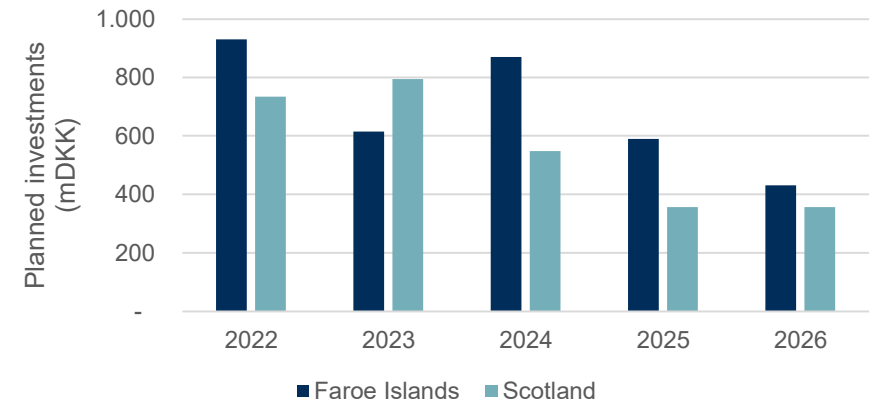
- Hatchery capacity (2026 capacity: +23m smolt at 500g)
- Increase feed capacity to cater 200,000 tonnes (HOG) harvest
  - Flexibility for further expansion to 290kt (HOG) harvest
- 7,000m3 multi-purpose well boat
- Seawater expansion investments, including offshore
- Broodstock facility

### 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)

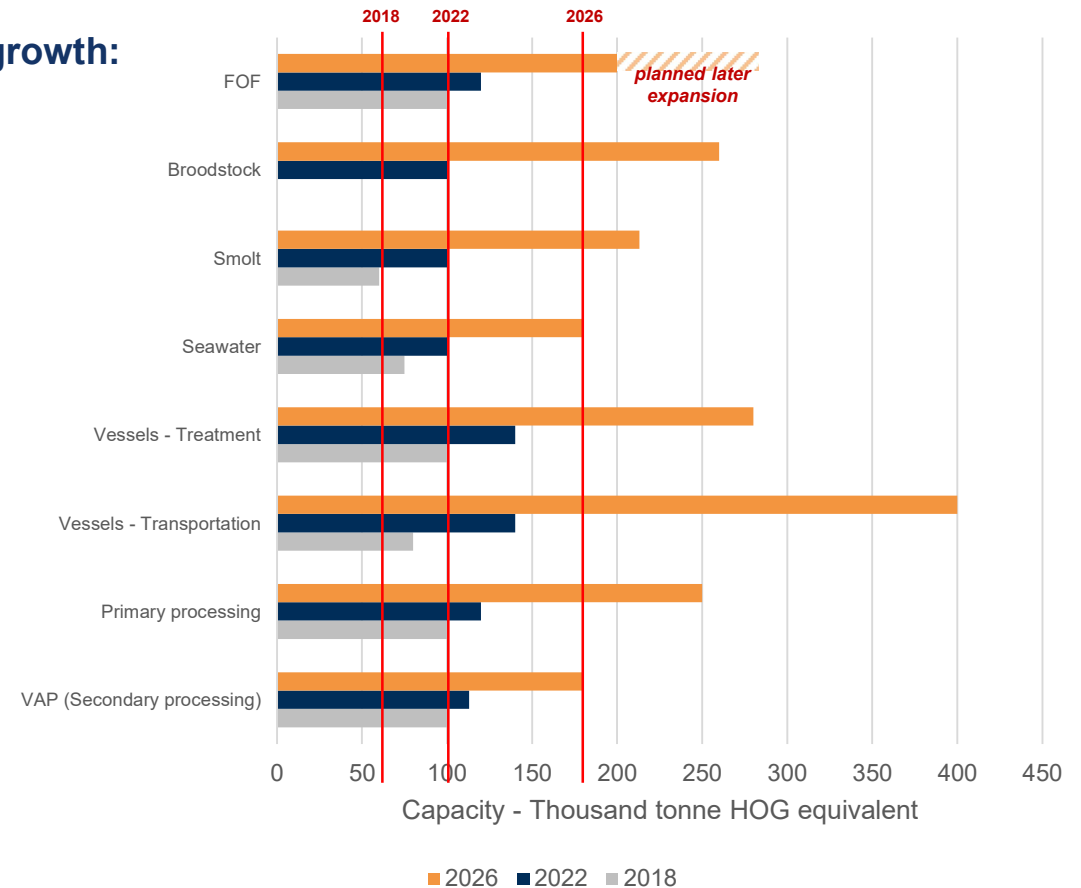


# PLANNED INVESTMENTS ENSURE SIGNIFICANT UPLIFT IN CAPACITY

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

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

### Development in capacity constraints

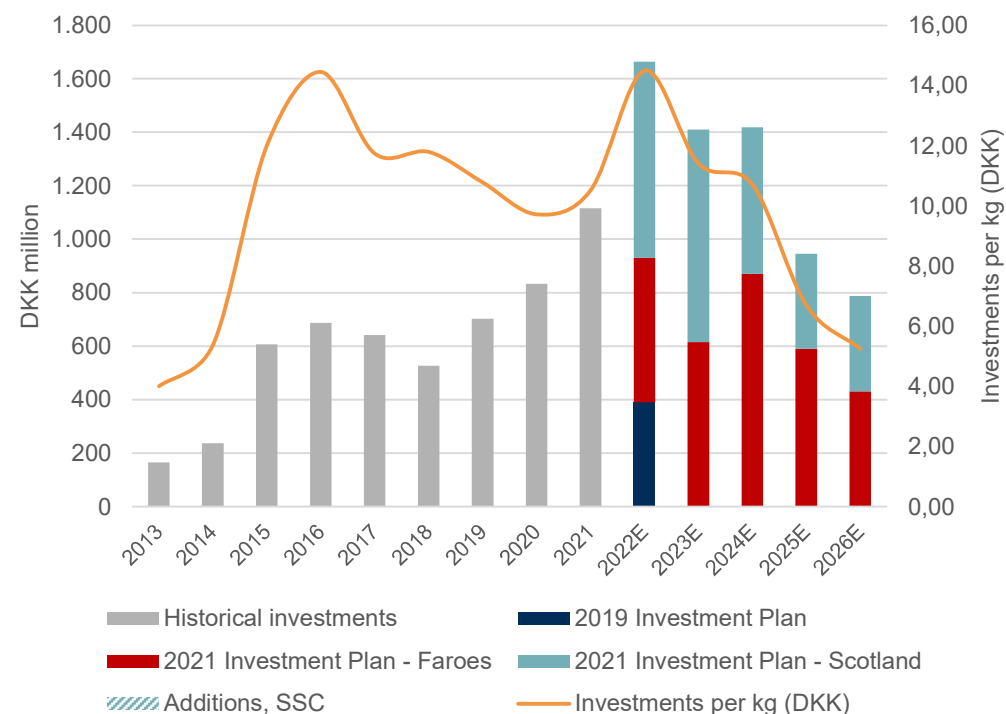


# INVESTING IN SUSTAINABLE GROWTH

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

Volumes	Faroe Islands	Scotland
2021	67,217t	29,672t
2022	68,000t	35,000t
2026	100,000t	50,000t

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





# MARKETS & SALES

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

## Sales & volume

Q4 2020

Q4 2021

### Western Europe

74%



63%

### North America

14%



19%

### Asia

5%



8%

### Eastern Europe

7%



10%

## Harvest volumes used in the VAP\*

43%



31%

\* FO only

## Total sales of salmon by markets

Western Europe

North America

Asia

Eastern Europe

Rest of world

### Q4 2021

FO	SCT	Total
56%	97%	63%
23%	2%	19%
10%	1%	8%
11%	0%	10%
0%	0%	0%

### Q4 2020

FO	SCT	Total
59%	96%	74%
21%	3%	14%
8%	0%	5%
12%	0%	7%
0%	1%	1%

### YTD 2021

FO	SCT	Total
53%	81%	61%
23%	10%	19%
12%	9%	11%
12%	0%	9%
0%	0%	0%

### YTD 2020

FO	SCT	Total
57%	89%	69%
24%	6%	17%
13%	1%	8%
6%	0%	4%
0%	4%	2%

## Fresh salmon only by markets

Western Europe

North America

Asia

Eastern Europe

Rest of world

### Q4 2021

FO	SCT	Total
51%	98%	60%
24%	0%	20%
14%	1%	11%
11%	1%	9%
0%	0%	0%

### Q4 2020

FO	SCT	Total
38%	96%	70%
32%	3%	16%
13%	0%	6%
17%	0%	8%
0%	1%	1%

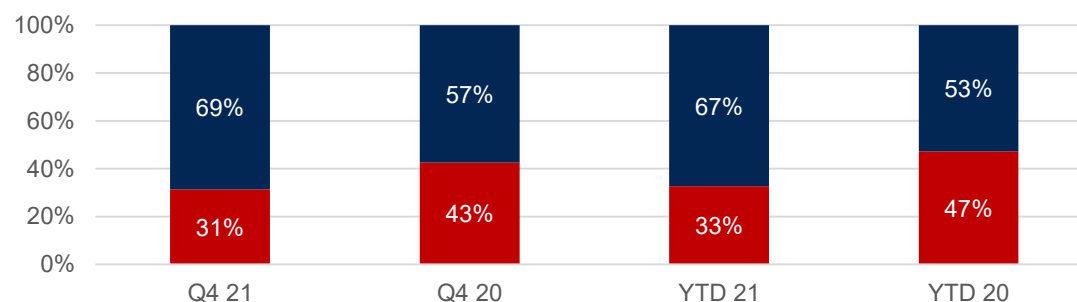
### YTD 2021

FO	SCT	Total
45%	78%	55%
27%	12%	22%
17%	10%	15%
11%	0%	8%
0%	0%	0%

### YTD 2020

FO	SCT	Total
31%	90%	64%
38%	6%	20%
19%	1%	9%
12%	0%	5%
0%	3%	2%

## Contract share FO, VAP products [% of qty]



■ VAP on contract ■ HOG, Spot

## DEVELOPMENT IN SUPPLY AND SOLD QUANTITY BY ORIGIN

### Expected supply growth in 2022

- 1% growth in Global supply
- European supply unchanged
- 1% growth in supply from Americas

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

	2018	2019	2020	2021E	2022E
Norway	1.129	1.198	1.223	1.378	1.389
UK	137	171	160	180	179
Ireland	13	14	14	14	14
Iceland	12	22	27	35	41
Faroes	64	78	72	96	88
<b>Total Europe</b>	<b>1.355</b>	<b>1.484</b>	<b>1.496</b>	<b>1.703</b>	<b>1.711</b>
Chile	598	601	657	638	663
Canada	131	124	123	127	116
USA	17	19	18	17	13
<b>Total Americas</b>	<b>747</b>	<b>744</b>	<b>798</b>	<b>783</b>	<b>792</b>
Others	65	71	91	109	117
<b>Total (Sold Quantity)</b>	<b>2.167</b>	<b>2.299</b>	<b>2.385</b>	<b>2.595</b>	<b>2.619</b>
<b>Supply growth - Global</b>	<b>6%</b>	<b>6%</b>	<b>4%</b>	<b>9%</b>	<b>1%</b>
Supply growth - Europe	1%	10%	1%	14%	0%
Supply growth - Americas	18%	0%	7%	-2%	1%

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

	2018	2019	2020	2021E	2022E
EU+UK	949	1.017	1.071	1.157	1.152
USA	435	468	505	570	563
Japan	54	53	64	65	62
Russia	89	78	79	86	86
Others	640	682	666	717	757
<b>Total (Sold Quantity)</b>	<b>2.167</b>	<b>2.298</b>	<b>2.385</b>	<b>2.594</b>	<b>2.620</b>

#### Comments:

All figures are in hog-equivalents and thousand tonnes.

Figures represents sold quantity of Atlantic Salmon from each producing country

Source: Kontali

## Q4 2021 MARKET ENVIRONMENT

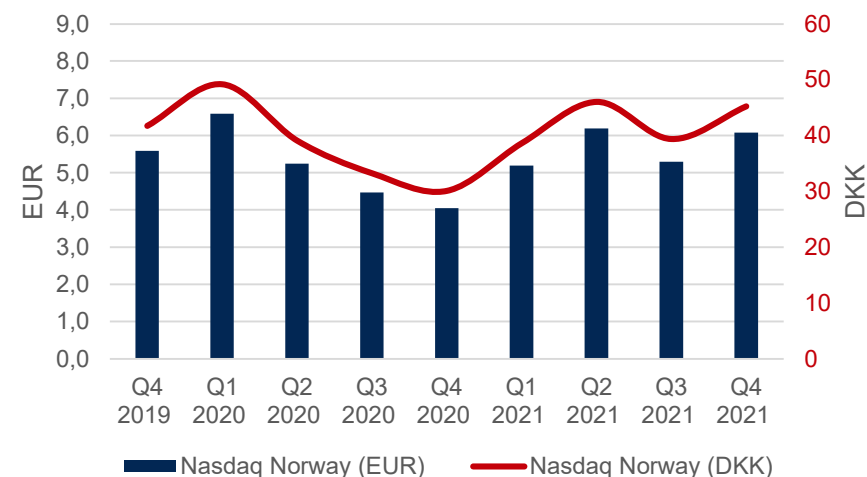
- **Strong increase in market prices compared to Q4 2020**
- **Nasdaq Norway price EUR 6.1 in Q4 2021**
  - Strong price increase given 10% growth in European supply
  - Demand stimulated by reduced Covid-19 measures
  - Increased export from Europe to the US
- **Urner Barry East Coast price continued to rise**
  - 35% up vs. Q4 2020
  - 2% up vs. Q3 2021
- **Limited currency effect in the quarter**

MARKET CURRENCY	Q4 2021	Q4 2020	Change %
Nasdaq Norway (EUR)	6.08	4.04	50.4 %
UB North East US 14-16lb HOG (USD per kg)	10.46	7.75	35.1 %

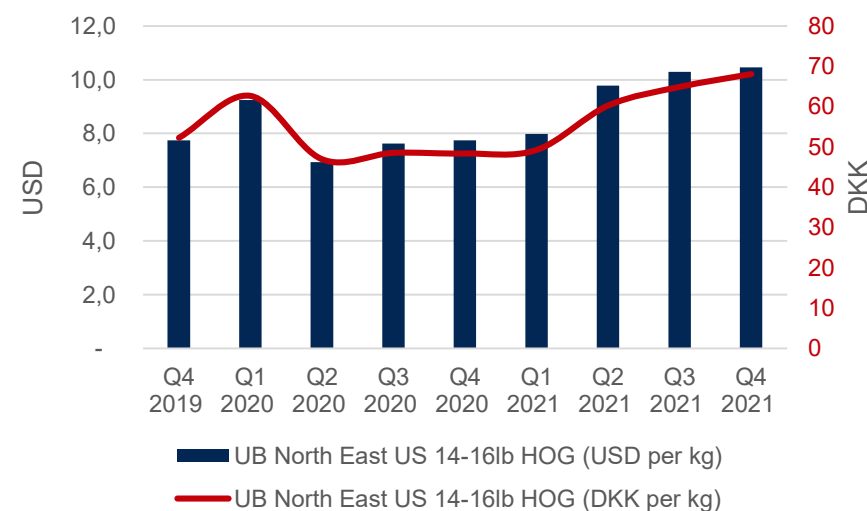
  

DKK	Q4 2021	Q4 2020	Change %
Nasdaq Norway	45.22	30.09	50.3 %
UB North East US 14-16lb HOG (per kg)	68.08	48.37	40.7 %

### PRICE NORWAY



### PRICE US – NORTH EAST

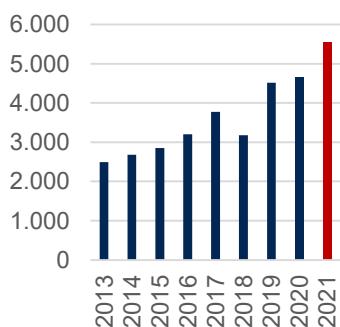


Source: Kontali

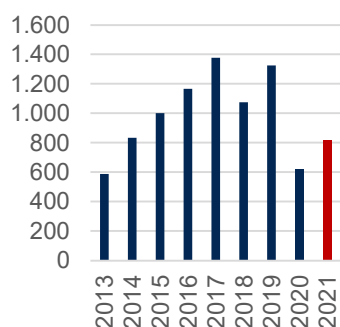
## DEVELOPMENT PER QUARTER

	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
(mDKK)	2019	2020	2020	2020	2020	2021	2021	2021	2021
Revenue	1,605	1,255	1,134	1,123	1,139	1,176	1,618	1,272	1,488
Operational EBIT	415	248	182	103	89	224	407	71	120
Profit/Loss	220	-148	472	177	-38	408	428	131	-3
Harvest FO (tgv)	17,930	10,667	12,941	11,135	15,957	14,025	17,561	14,937	20,694
Harvest SCT (tgv)	7,925	7,268	7,937	10,476	9,305	7,002	10,634	6,914	5,122
Op. EBIT Farming FO & VAP (NOK/kg)	28.25	25.10	15.34	15.24	12.92	21.48	26.93	13.59	20.11
Op. EBIT Farming FO (NOK/kg)	25.49	26.51	9.79	12.43	5.66	14.10	26.52	12.56	18.29
Op. EBIT VAP (NOK/kg)	11.72	-2.97	11.06	5.84	17.31	18.56	1.53	2.89	5.71
Op. EBIT Farming SCT (NOK/kg)	3.09	5.70	5.36	-3.89	-8.41	-1.44	6.75	-16.32	-55.95
Equity ratio	65%	66%	69%	68%	66%	68%	67%	67%	64%
NIBD	1,019	988	1,116	1,257	1,753	1,939	1,903	1,986	2,126

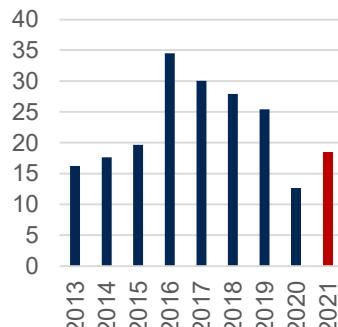
Revenue (mDKK)



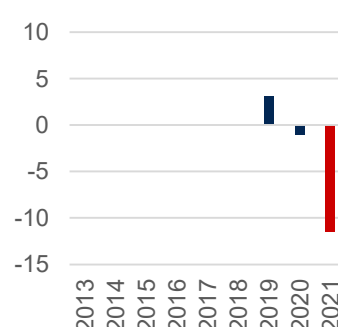
Operational EBIT (mDKK)



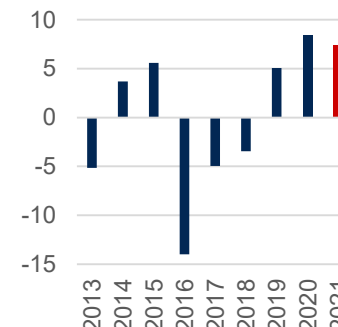
Farming FO margin Op. EBIT (NOK/kg)



Farming SCT margin Op. EBIT (NOK/kg)



VAP FO margin Op. EBIT (NOK/kg)





# DIVIDEND

## Dividend

- The Board proposes dividend for 2021 of DKK 5.14 per share to be paid out in Q2 2022.
- Dividend payment equals 50% of adjusted EPS.

## Dividend policy

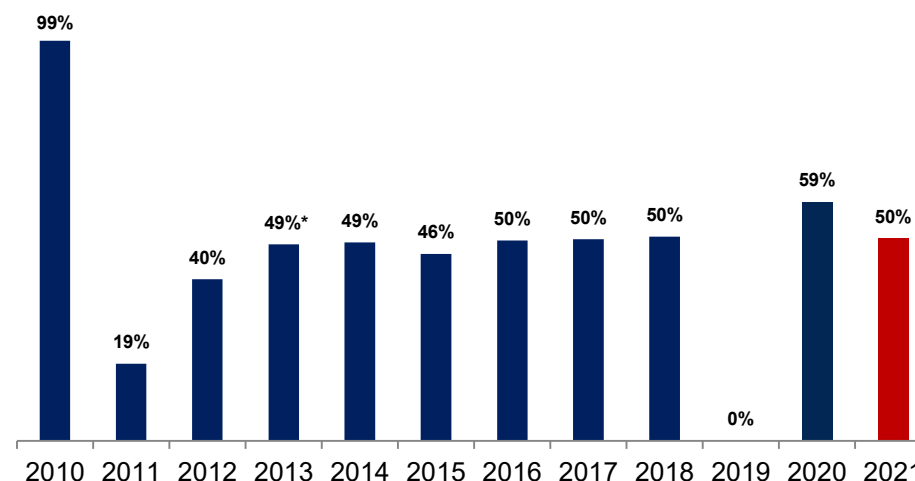
- Competitive return through:
  - Dividends
  - Increase in the value of the equity
- Generally, Bakkafrost shall pay dividend to its shareholders
- A long-term goal is that 30–50% of adjusted EPS shall be paid out as dividend

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

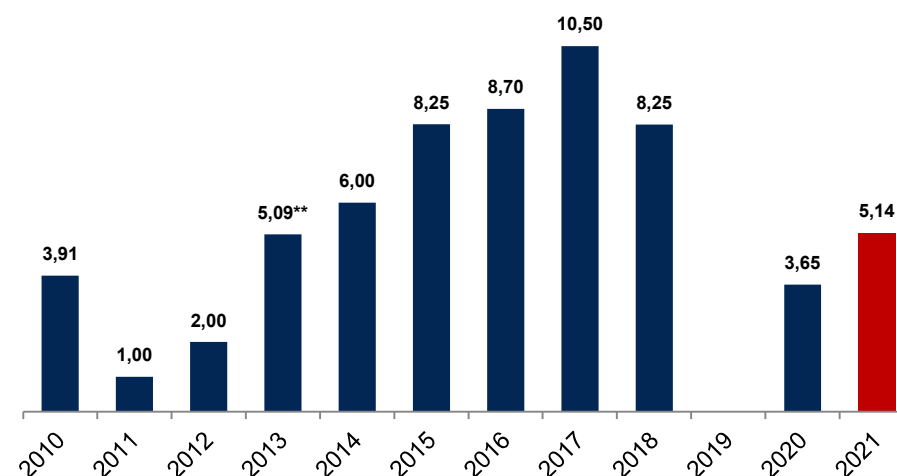
\*\* Dividend and acquisition of treasury shares

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

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



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





## BAKKAFROST

Salmon, packaging, fishmeal, fish oil and fish feed producer

**Location:** Faroe Islands

**Headquarters:** Glyvrrar, Eysturoy

**Production and business-to-business sale:** salmon, fishmeal, fish oil and fish feed

**Longest integrated value chain in the industry**

**Listed on:** Oslo Børs with ticker code BAKKA



- 18 islands – 1,387 km<sup>2</sup>
- 53,664 inhabitants (Jan 2022)
- Home rule – within the Kingdom of Denmark
- Part of the Danish monetary union, Danish krone (DKK)

## Key sectors (% of wage earners, M12 2021)

- Service/public admin.: ~30%
  - Private service: ~30%
  - Construction: ~14%
  - Fish & aquaculture: ~26%
  - Unemployment rate (Nov 2021): 0.9%
  - Total working force (2021): 31,968
- 
- **GDP:** DKK ~20.9bn (2019)
  - **GDP/capita:** DKK 403,300 (2019)
    - (Norway: DKK 505,961) (2019)

## Total export of fish products (2020)

- DKK 7,719 million - whereof farmed fish accounts for 43%

## TAXES

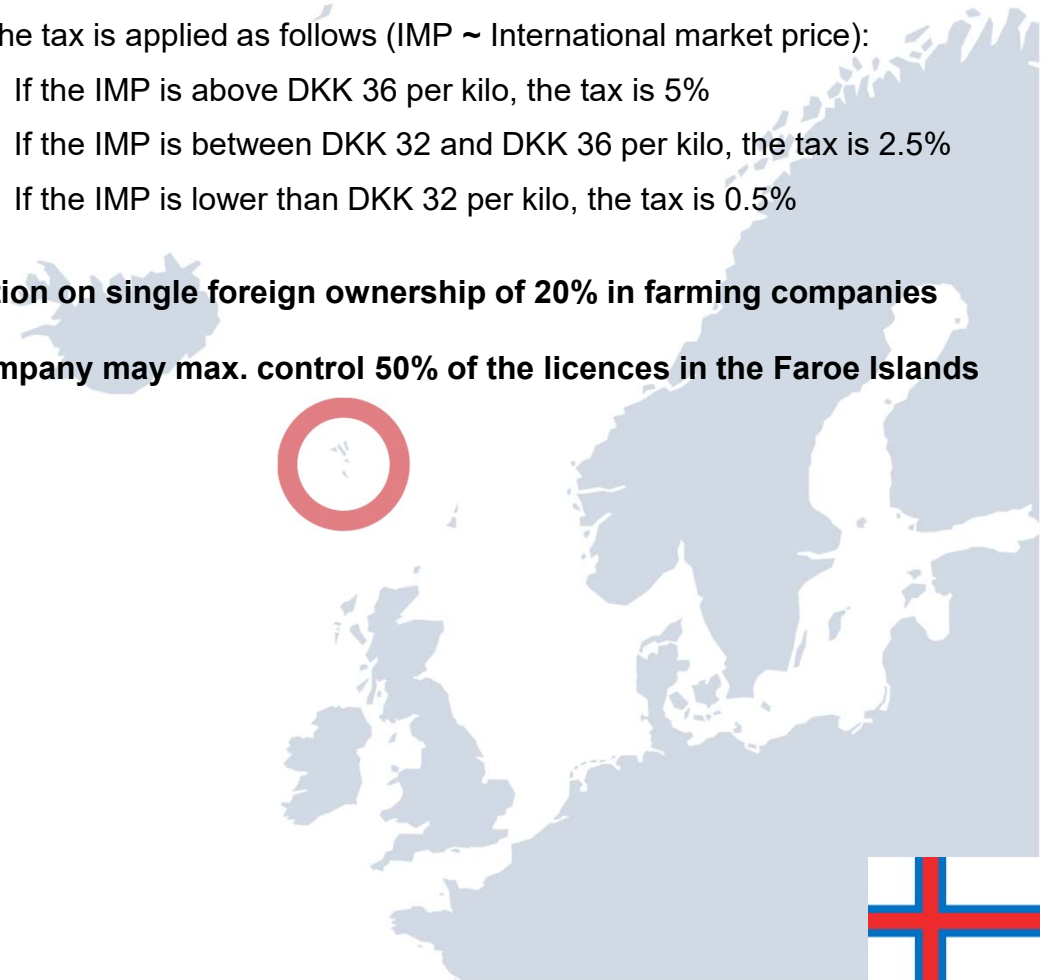
- Total percent of GDP: 43.3% (2019)
- Corporate tax: 18%
- Farming revenue tax: 5.0% of revenues after 1 January 2019

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

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

**Restriction on single foreign ownership of 20% in farming companies**

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

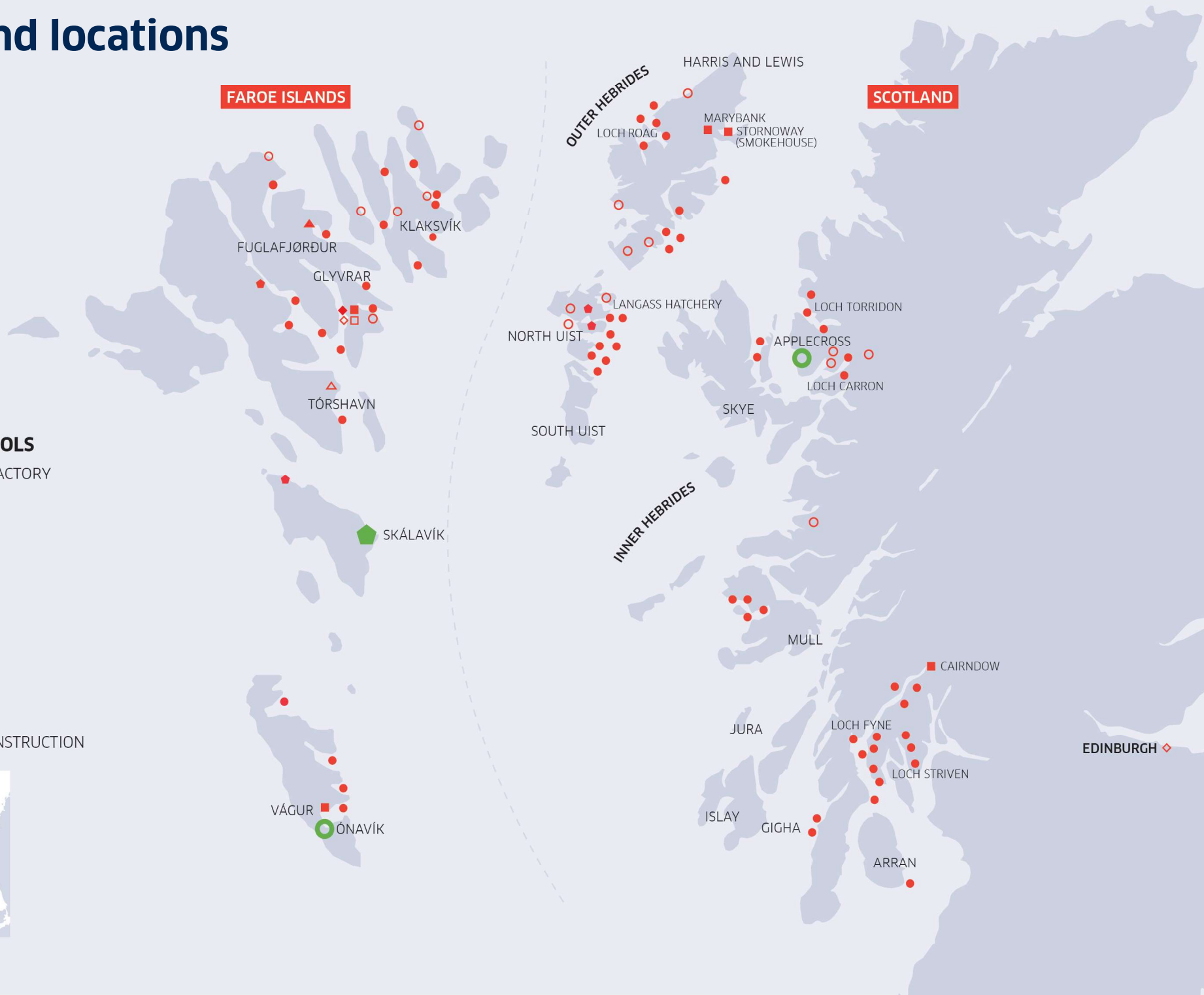


Source: Hagstova Føroya

# Facilities and locations

## LEGEND TO MAP SYMBOLS

- ▲ FISHMEAL/OIL & FEED FACTORY
- HATCHERIES
- FARMING SITES
- ◆ BROODSTOCK
- HARVEST FACTORIES
- ◆ PROCESSING PLANT
- PACKAGING FACTORY
- ◇ HEADQUARTERS
- ◇ SALES OFFICES
- ▲ BIOGAS
- OPERATIONS UNDER CONSTRUCTION







**BAKKAFROST**

ESTABLISHED 1968