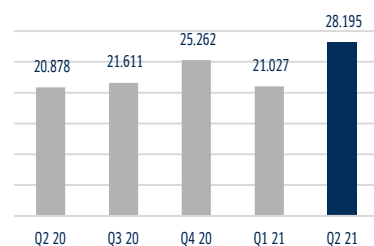


# INTERIM REPORT

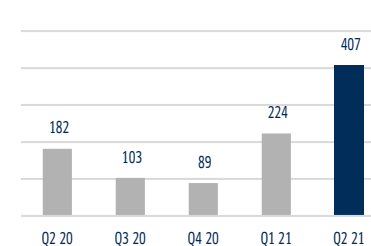
Q2 2021  
and  
H1 2021

Faroese Company Registration No. 1724  
[www.bakkafrost.com](http://www.bakkafrost.com)

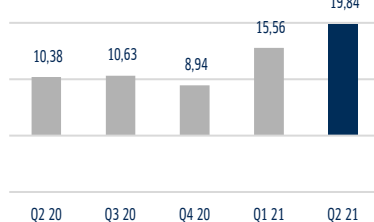
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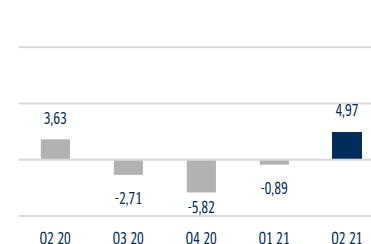
OPERATIONAL EBIT MDKK



OPERATIONAL EBIT VAP AND FARMING FO  
DKK/KG



OPERATIONAL EBIT SCT DKK/KG



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# Highlights

DKK 1,000	Q2 2021	Q2 2020	H1 2021	H1 2020	DKK 1,000	Q2 2021	Q2 2020	H1 2021	H1 2020
<b>INCOME STATEMENT</b>					<b>FINANCIAL POSITION AND CASH FLOW</b>				
Group - Operating revenue	1,617,534	1,134,222	2,793,171	2,389,448	Total Assets***	14,053,266	13,208,324	14,053,266	13,208,324
Group - Operational EBIT*	407,489	181,897	630,990	429,980	Equity***	9,396,049	8,729,487	9,396,049	8,729,487
Group - EBIT	545,904	585,914	1,034,981	404,154	Equity ratio***	67%	66%	67%	66%
Group - Profit for the period	428,127	471,681	835,859	323,700	Net interest-bearing debt***	1,903,084	1,752,751	1,903,084	1,752,751
					Cash flow from operations	531,580	111,399	668,934	476,648
Operational EBIT* (FO Farming and VAP) (DKK)	348,446	134,372	566,724	326,499	Cash flow from financing	-107,382	-261,957	-70,236	-1,034,416
Operational EBIT/kg (FO Farming and VAP) (DKK)	19.84	10.38	17.94	13.83					
Operational EBIT/kg (FO Farming and VAP) (NOK)	26.93	15.34	24.55	19.83					
					<b>PROFITABILITY</b>				
Farming Faroe Islands - Operating revenue	961,367	574,189	1,606,477	1,206,722	Basic earnings per share (DKK)	7.25	7.98	14.15	5.48
Farming Faroe Islands - Operational EBIT*	343,169	85,750	486,460	288,675	Diluted earnings per share (DKK)	7.25	7.98	14.15	5.48
Farming Faroe Islands - Operational EBIT margin	36%	15%	30%	24%	ROCE**	3.1%	1.6%	4.9%	3.8%
Farming Faroe Islands - Operational EBIT/kg (DKK)	19.54	6.63	15.40	12.23					
Farming Faroe Islands - Operational EBIT/kg (NOK)	26.52	9.79	21.07	17.54	<b>VOLUMES</b>				
					Harvested Faroe Islands (tgw)	17,561	12,941	31,586	23,608
Farming Scotland - Operating revenue	558,859	377,430	881,013	789,825	Harvested Scotland (tgw)	10,634	7,937	17,636	15,205
Farming Scotland - Operational EBIT*	52,867	28,794	46,634	58,534	Farming FO transferred to VAP (tgw)	4,917	6,420	10,182	11,828
Farming Scotland - Operational EBIT margin	9%	8%	5%	7%	VAP produced (tgw)	4,667	6,494	10,243	11,560
Farming Scotland - Operational EBIT/kg (DKK)	4.97	3.63	2.64	3.85	Sold feed tonnes	27,272	22,121	50,989	41,244
Farming Scotland - Operational EBIT/kg (NOK)	6.75	5.36	3.62	5.52	Internal feed sales tonnes	26,416	16,159	49,629	30,476
					Smolt released thousand Faroe Islands (pcs)	3,152	2,922	5,486	5,185
VAP - Operating revenue	258,999	307,763	558,702	582,071	Smolt released thousand Scotland (pcs)	2,078	2,835	3,696	3,867
VAP - Operational EBIT*	5,277	48,622	80,264	37,824					
VAP - Operational EBIT margin	2%	16%	14%	6%					
VAP - Operational EBIT/kg (DKK)	1.13	7.49	7.84	3.27					
VAP - Operational EBIT/kg (NOK)	1.53	11.06	10.72	4.69					
FOF - Operating revenue	347,017	268,611	668,979	578,580					
FOF - EBITDA	57,397	49,921	105,682	90,133					
FOF - EBITDA margin	16.5%	18.6%	15.8%	15.6%					
NOK/DKK (average)	73.69	67.70	73.08	69.73					

\* 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 2<sup>nd</sup> Quarter 2021 and H1 2021

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

**The Bakkafrost Group delivered a total operating EBIT of DKK 407.5 million in Q2 2021.**

**Total harvested volumes were 28.2 thousand tonnes gutted weight (tgw). Faroe Islands (FO): 17.6 tgw, Scotland (SCT): 10.6 tgw.**

**The combined FO farming and VAP segments made an operational EBIT of DKK 348.4 million. The FO farming segment made an operational EBIT of DKK 343.2 million. The SCT farming segment made an operational EBIT of DKK 52.9 million.**

**The VAP segment made an operational EBIT of DKK 5.3 million. The EBITDA for the FOF segment was DKK 57.4 million.**

The Group made a profit for Q2 2021 of DKK 428.1 million (DKK 471.7 million). For H1 2020, the profit was DKK 835.9 million (DKK 323.7 million).

Total harvested volumes for Q2 2021 were 28,196 tonnes gutted weight. FO: 17,561 tgw (12,941 tgw), SCT: 10,634 tgw (7,937). Total harvested volumes in H1 2021 were 49,223 tgw (38,813 tgw). FO: 31,586 tgw (23,608 tgw), SCT: 17,637 tgw (15,205 tgw).

In total, 5.2 million (5.8 million) smolts were transferred during Q2 2021. FO: 3.2 million (2.9 million), SCT: 2.1 million (2.8 million). In H1 2021, 9.2 million (9.1 million) smolts were transferred. FO: 5.5 million (5.2 million), SCT 3.7 million (3.9 million).

The combined FO farming and VAP segments made an operational EBIT of DKK 348.4 million (DKK 134.4 million) in Q2 2021. The operational EBIT per kg in Q2 2021 was DKK 19.84 (DKK 10.38), which corresponds to NOK 26.93 (NOK 15.34) for the combined FO farming and VAP segments. For H1 2021, the combined FO farming and VAP segments made an operational EBIT of DKK 566.7 million (DKK 326.5 million).

The FO farming segment made an operational EBIT of DKK 343.2 million (DKK 85.8 million) in Q2 2021. The harvested volumes were higher, and the achieved prices were higher in Q2 2021, compared to Q2 2020. For H1 2021, the operational EBIT was DKK 486.5 million (DKK 288.7 million).

The SCT farming segment made an operational EBIT of DKK 52.9 million (DKK 28.8 million) in Q2 2021. Costs of DKK 6.6 million relate to incident-based mortality in Q2 2021. For H1 2021, the operational EBIT was DKK 46.6 million (DKK 58.5 million).

The VAP segment made an operational EBIT of DKK 5.3 million (DKK 48.6 million) for Q2 2021. For H1 2021, the operational EBIT was DKK 80.3 million (DKK 37.8 million).

The FOF segment (fishmeal, oil and feed) made an EBITDA of DKK 57.4 million (DKK 49.9 million) for Q2 2021, and the EBITDA margin was 16.5% (18.6%). The EBITDA was DKK 105.7 million (DKK 90.1 million), corresponding to an EBITDA margin of 15.8% (15.6%).

During Q2 2021, Havsbrún sourced 59,290 tonnes (122,512 tonnes) of raw material, and in H1 2021, Havsbrún sourced 107,837 tonnes (187,319 tonnes) of raw material.

In Q2 2021, Bakkafrost's full-time employees from 2020, still employed in Bakkafrost, have received bonus shares with the value of 2% of their salary in 2020. In total, Bakkafrost allocated 12,118 shares to its employees. The total allocation amounted to DKK 6.6 million and was based on the closing share price on the allocation day, 15 June 2021.

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

Bakkafrost aims at giving the shareholders a competitive return on their investment, both through payments of dividends and by value growth of the equity through positive operations.

The long-term goal of the Board of Directors is that 30-50% of earnings per share shall be paid out as dividend. The financial position of Bakkafrost is strong with a solid balance sheet, a competitive operation and available credit facilities. The Annual General Meeting, convened on 9 April 2021, decided to pay out a dividend of DKK 3.65, corresponding to NOK 4.96 per share. The total dividend of DKK 215.9 million (NOK 293.3 million) was paid out on 30 April 2021.

The net interest-bearing debt amounted to DKK 1,903 million at the end of Q2 2021, compared to DKK 1,753 million at year-end 2020. Undrawn credit facilities amounted to DKK 1,523 million at the end of Q2 2021.

The equity ratio was 67% at 30 June 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 1,617.5 million (DKK 1,134.2 million) in Q2 2021, and for H1 2021, the operating revenue amounted to DKK 2,793.2 million (DKK 2,389.4 million).

The FO farming segment's harvest volumes were higher, and the achieved prices were higher in Q2 2021, compared to the same quarter last year. The VAP segment had lower revenues because of lower sold volumes in Q2 2021, compared to Q2 2020. The FOF segment had higher revenue in Q2 2021, compared to Q2 2020, but had slightly lower sales of fishmeal and higher sales of fish feed in Q2 2021, compared to Q2 2020.

The Group's operational EBIT was DKK 407.5 million (DKK 181.9 million) in Q2 2021.

The combined FO farming and VAP segments had higher operational EBIT in Q2 2021, compared to Q2 2020. Farming Scotland's operational EBIT was DKK 52.9 million (DKK 28.8 million). The FOF segment had higher EBITDA in Q2 2021, compared to Q2 2020. For H1 2021, the Group's operational EBIT was DKK 631.0 million (DKK 430.0 million).

The fair value adjustment of the Group's biological assets amounted to DKK 176.5 million (DKK 426.7 million) in Q2 2021. For H1 2021, the fair value adjustment amounted to DKK 461.1 million (DKK 15.9 million).

Change in provisions for onerous contracts amounted to DKK 0 million (DKK 0 million) in Q2 2021. For H1 2021, the change in provisions for onerous contracts amounted to DKK 0 million (DKK 0 million).

The revenue tax amounted to DKK -41.2 million (DKK -22.6 million) in Q2 2021. For H1 2021, the revenue tax was DKK -61.5 million (DKK -41.8 million).

Net financial items in Q2 2021 were DKK -16.1 million (DKK -14.6 million). For H1 2021, net interests were DKK -11.7 million (DKK -13.9 million).

Net taxes amounted to DKK -101.7 million (DKK -99.6 million) in Q2 2021. For H1 2021, net taxes amounted to DKK -187.4 million (DKK -66.5 million).

The result for Q2 2021 was DKK 428.1 million (DKK 471.7 million), and for H1 2021, the result was DKK 835.9 million (DKK 323.7 million).

### Statement of Financial Position

(Figures in parenthesis refer to end last year).

The Group's total assets amounted to DKK 14,053.3 million (DKK 13,208.3 million) at the end of Q2 2021.

Intangible assets amounted to DKK 4,495.0 million (DKK 4,493.4 million) at the end of Q2 2021.

Property, plant and equipment amounted to DKK 4,549.6 million (DKK 4,220.6 million) at the end of Q2 2021. Right of use assets amounted to DKK 314.5 million (DKK 353.2 million) in Q2 2021. Bakkafrøst made investments in PP&E amounting to DKK 244.9 million during Q2 2021.

Non-current financial assets amounted to DKK 124.2 million (DKK 122.5 million) at the end of Q2 2021.

The carrying amount (fair value) of biological assets amounted to DKK 2,489.2 million (DKK 2,117.0 million) at the end of Q2 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 630.9 million (DKK 145.4 million) at the end of Q2 2021.

Inventories amounted to DKK 809.4 million (DKK 776.0 million) at the end of Q2 2021.

Total receivables, including long-term receivables, financial derivatives and deferred tax assets, amounted to DKK 718.4 million (DKK 658.7 million) at the end of Q2 2021.

Total cash and cash equivalents amounted to DKK 553.0 million (DKK 466.9 million) at the end of Q2 2021.

The Group's equity amounted to DKK 9,396.0 million (DKK 8,729.5 million) at the end of Q2 2021. The change in equity consists primarily of the result.

Total non-current liabilities amounted to DKK 4,072.8 million (DKK 3,708.6 million) at the end of Q2 2021.

Deferred taxes amounted to DKK 1,367.8 million (DKK 1,222.2 million) at the end of Q2 2021.

Long-term interest-bearing debt was DKK 2,456.1 million (DKK 2,219.7 million) at the end of Q2 2021.

Long-term leasing debt amounted to DKK 249.0 million (DKK 265.2 million) and short-term leasing debt amounted to DKK 97.7 million (DKK 131.3 million). In total DKK 346.7 million (DKK 396.6 million) at the end of Q2 2021.

At the end of Q2 2021, the Group's total current liabilities were DKK 584.4 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 Q2 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 531.6 million (DKK 111.4 million) in Q2 2021. The changes in working capital had a positive effect on the cash flow from operations. For H1 2021, the cash flow from operations was DKK 668.9 million (DKK 476.6 million).

The cash flow from investment activities amounted to DKK -244.9 million (DKK -196.1 million) in Q2 2021. The amount relates to investments in property, plant and equipment. For H1 2021, the cash flow from investments amounted to DKK -512.7 million (DKK -297.4 million).

The cash flow from financing activities totalled DKK -107.4 million (DKK -262.0 million) in Q2 2021. For H1 2021, cash flow from financing amounted to DKK -70.2 million (DKK -1,034.4 million).

In Q2 2021, net change in cash flow amounted to DKK 179.3 million (DKK -346.7 million). For H1 2021, net change in cash flow amounted to DKK 86.0 million (DKK -855.2 million).

At the end of Q2 2021, the Group had unused credit facilities of DKK 1,523 million (DKK 2,323 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 Q2 2021 were 17,561 tonnes gutted weight (12,941 tgw) – a change in volume of 36%. 2,530 tgw came from the North region, 13,135 tgw from the West region and 1,897 tgw from the South region. Total harvested volumes for H1 2021 were 31,586 tonnes gutted weight (23,608 tgw), which is in line with the forecast for 2021.

3.2 million (2.9 million) smolts were transferred to sea in Q2 2021. In H1 2021, 5.5 million (5.2 million) smolts were transferred. This is in line with the smolt transfer plan.

DKK 1,000	Q2 2021	Q2 2020	Change	H1 2021	H1 2020	Change
<b>Financial</b>						
Total revenue	961,367	574,189	67%	1,606,477	1,206,722	33%
EBIT	409,173	201,071	103%	851,434	49,157	1632%
Operational EBIT	343,169	85,750	300%	486,460	288,675	69%
Operational EBIT/kg (DKK)	19.54	6.63	195%	15.40	12.23	26%
Operational EBIT margin	36%	15%	139%	30%	24%	27%
<b>Volumes</b>						
Harvested volumes (tgw)	17,561	12,941	36%	31,586	23,608	34%
- Farming North	2,530	12,941	-80%	13,952	19,206	-27%
- Farming West	13,135	0		15,593	2,769	463%
- Farming South	1,897	0		2,042	1,633	25%
Smolts released (thousand)	3,152	2,922	8%	5,486	5,185	6%
- Farming North	896	0		2,089	1,080	93%
- Farming West	1,471	1,213	21%	1,573	2,396	-34%
- Farming South	785	1,709	-54%	1,824	1,709	7%

### Financial Performance

In Q2 2021, the operating revenue for the FO farming segment was DKK 961.4 million (DKK 574.2 million). The total revenue for the farming segment increased in Q2 2021, compared with Q2 2020, because of higher volumes and higher prices. The operating revenue for the FO farming segment for H1 2021 was DKK 1,606.5 million (DKK 1,206.7 million).

In Q2 2021, the FO farming segment's EBIT amounted to DKK 409.2 million (DKK 201.1 million). The FO farming segment's EBIT for H1 2021 was DKK 851.4 million (DKK 49.2 million).

Operational EBIT amounted to DKK 343.2 million (DKK 85.8 million) in Q2 2021, which corresponds to an operational EBIT margin of 36% (15%). In H1 2021, operational EBIT was DKK 486.5 million (DKK 288.7 million).

Operational EBIT/kg for the FO farming segment was DKK 19.54 (DKK 6.63) in Q2 2021, which corresponds to NOK 26.52 (NOK 9.79). Operational EBIT/kg for H1 2021 was DKK 15.40 (DKK 12.23), which corresponds to NOK 21.07 (NOK 17.54) in H1 2020.

EBIT were impacted from late Q1 2020 by the global market disruption caused by Covid-19.

Costs of DKK 0 million (DKK 23.4 million) relate to incident-based mortality in Q2 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 Q2 2021 were 10,634 tonnes gutted weight (7,937 tgw) - a change in volume of 34%. Total harvested volumes for H1 2021 were 17,637 tonnes gutted weight (15,205 tgw), which is in line with the forecast for 2021.

2.1 million smolts were transferred to sea in Q2 2021 (2.8 million). In H1 2021, 3.7 million (3.9 million) smolts were transferred. This is in line with the smolt transfer plan.

DKK 1,000	Q2 2021	Q2 2020	Change	H1 2021	H1 2020	Change
<b>Financial</b>						
Total revenue	558,859	377,430	48%	881,013	789,825	12%
EBIT	122,197	317,490	-62%	81,253	272,226	-70%
Operational EBIT	52,867	28,794	84%	46,634	58,534	-20%
Operational EBIT/kg (DKK)	4.97	3.63	37%	2.64	3.85	-31%
Operational EBIT margin	9%	8%	24%	5%	7%	-29%
<b>Volumes</b>						
Harvested volumes (tgw)	10,634	7,937	34%	17,636	15,205	16%
Smolts released (thousand pcs)	2,078	2,835	-27%	3,696	3,867	-4%

### Financial Performance

In Q2 2021, the operating revenue for the SCT farming segment was DKK 558.9 million (DKK 377.4 million). The operating revenue for the SCT farming segment for H1 2021 was DKK 881.0 million (DKK 789.8 million).

Operational EBIT amounted to DKK 52.9 million (DKK 28.8 million) in Q2 2021, which corresponds to an operational EBIT margin of 9% (8%). In H1 2021, operational EBIT was DKK 46.6 million (DKK 58.5 million), which corresponds to an operational EBIT margin of 5% (7%).

Operational EBIT/kg for the farming segment in Scotland was DKK 4.97 (DKK 3.63) in Q2 2021, which corresponds to NOK 6.75 (NOK 5.36). Operational EBIT/kg for H1 2021 was DKK 2.64 (DKK 3.85), which corresponds to NOK 3.62 (NOK 5.52).

EBIT were impacted from late Q1 2020 by the global market disruption caused by Covid-19 and environmental challenges.

Costs of DKK 6.6 million (DKK 0.0 million) relate to incident-based mortality in Q2 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

28% (50%) of the total Faroese harvested volumes in Q2 2021 went to the production of VAP products, and 32% (50%) of the harvested volumes in H1 2021 went to production of VAP products.

The VAP production in the Faroe Islands was 4,917 tonnes gutted weight (6,420 tgw) in Q2 2021, a decrease of 23%, compared to Q2 2020. The volumes were lower, compared to Q2 2020. In H1 2021, the VAP production was 10,182 tgw (11,828 tgw).

DKK 1,000	Q2 2021	Q2 2020	Change	H1 2021	H1 2020	Change
<b>Financial</b>						
Total revenue	258,999	307,763	-16%	558,702	582,071	-4%
EBIT	5,277	48,622	-89%	80,264	37,824	112%
Operational EBIT	5,277	48,622	-89%	80,264	37,824	112%
VAP - Operational EBIT/kg (DKK)	1.13	7.49	-85%	7.84	3.27	139%
Operational EBIT margin	2%	16%	-87%	14%	6%	121%
<b>Volumes</b>						
Farming FO transferred to VAP (tgw)	4,917	6,420	-23%	10,182	11,828	-14%
VAP produced (tgw)	4,667	6,494	-28%	10,243	11,560	-11%
Harvested volumes used in VAP production	28%	50%	-44%	32%	50%	-36%
Harvested volumes sold fresh/frozen	72%	50%	43%	68%	50%	36%

### Financial Performance

The operating revenue for the VAP segment amounted to DKK 259.0 million (DKK 307.8 million) in Q2 2021. The decrease in revenue is due to lower volumes sold in Q2 2021, compared with Q2 2020. In H1 2021, the VAP revenue was DKK 558.7 million (DKK 582.1 million).

The VAP segment had an EBIT amounting to DKK 5.3 million (DKK 48.6 million) in Q2 2021. Changes in onerous contracts were DKK 0.0 million (DKK 0.0 million). In H1 2021, the VAP segment's EBIT amounted to DKK 80.3 million (DKK 37.8 million).

Operational EBIT amounted to DKK 5.3 million (DKK 48.6) in Q2 2021, corresponding to an operational EBIT of DKK 1.13 (DKK 7.49) per kg gutted weight in Q2 2021, which corresponds to NOK 1.53 (NOK 11.06) per kg gutted weight. Operational EBIT/kg for H1 2021 was DKK 7.84 (DKK 3.27), which corresponds to NOK 10.72 (NOK 4.69) for H1 2020.

## 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 Bakkafrøst. Fishmeal, fish oil and fish feed are also sold externally.

### Volumes

Havsbrún received 59,290 tonnes (122,512 tonnes) of raw material to produce fishmeal and fish oil in Q2 2021. The raw material intake depends on the fishery in the North Atlantic and available species of fish. In H1 2021, Havsbrún received 107,837 tonnes (187,319 tonnes) of raw material.

The production of fishmeal in Q2 2021 was 12,780 tonnes (24,939 tonnes). For H1 2021, Havsbrún produced 23,278 tonnes (39,074 tonnes) of fishmeal.

The production of fish oil in Q2 2021 was 562 tonnes (946 tonnes). The production of fish oil varies, depending on the species of fish sourced for production and the timing of catch. For H1 2021, Havsbrún produced 2,203 tonnes (2,479 tonnes) of fish oil.

Sales of fish feed amounted to 27,272 tonnes (22,121 tonnes) in Q2 2021. The FO farming segment internally used 18,658 tonnes (15,709 tonnes) or 68.4% (71.0%). The SCT farming segment internally used 7,758 tonnes (450 tonnes) or 28.4% (2.0%). For H1 2021, Havsbrún sold 50,989 tonnes (41,244 tonnes) of fish feed.

### Financial Performance

The operating revenue for the FOF segment amounted to DKK 347.0 million (DKK 268.6 million) in Q2 2021, of which DKK 296.1 million (DKK 172.6 million) represented sales to Bakkafrøst's farming segments, corresponding to 85% (64%). For H1 2021, the revenue amounted to DKK 669.0 million (DKK 578.6 million) of which DKK 543.2 million (DKK 316.4 million) represented sales to Bakkafrøst's farming segments, corresponding to 81% (55%).

DKK 1,000	Q2 2021	Q2 2020	Change	H1 2021	H1 2020	Change
<b>Financial</b>						
Total revenue	347,017	268,611	29%	668,979	578,580	16%
EBIT	51,636	42,412	22%	92,842	75,421	23%
EBITDA	57,397	49,921	15%	105,682	90,133	17%
FOF - EBITDA margin	16.5%	18.6%	-11%	15.8%	15.6%	1%
<b>Volumes (tonnes)</b>						
Total Feed sold	27,272	22,121	23%	50,989	41,244	24%
- Feed internal sale FO	18,658	15,709	19%	37,022	30,026	23%
- Feed internal sale SCT	7,758	450	1624%	12,607	450	2702%
- Feed external sale	856	5,962	-86%	1,360	10,768	-87%
Fishmeal external sale	2,961	2,702	10%	10,167	14,474	-30%
Fish oil external sale	13	4	225%	19	9	111%
Received raw material	59,290	122,512	-52%	107,837	187,319	-42%
Fishmeal production	12,780	24,939	-49%	23,278	39,074	-40%
Fish oil production	562	946	-41%	2,203	2,479	-11%

Total revenue for the FOF segment in Q2 2021 was higher, compared to the same quarter last year. The internal revenue is higher in Q2 2021, compared to Q2 2020. The decrease in external revenue is due to higher share of feed sales are used internally in Q2 2021, compared to Q2 2020.

EBITDA was DKK 57.4 million (DKK 49.9 million) in Q2 2021, and the EBITDA margin was 16.5% (18.6%). Havsbrún sources raw pelagic fish for the fishmeal and fish oil production, which are part of the recipe to produce salmon feed. For H1 2021, the EBITDA was DKK 105.7 million (DKK 90.1 million), corresponding to an EBITDA margin of 15.8% (15.6%).

## Outlook

### Market

The global harvest of Atlantic salmon was 1.0% higher in Q2 2021, compared to Q2 2020, according to the latest estimate from Kontali Analyse. Combined with released inventories of salmon, that have been built up during the Covid-19 pandemic, the supply to the market increased 8.9% in Q2 2021, compared to Q2 2020. Despite increased supply, there was a strong development in salmon prices during the quarter, in part driven by reopening of the food service industry in main salmon markets. Hence, the overall market conditions have continued to improve during this quarter, and further improvement is expected as Covid-19 mass-vaccination progresses in key markets.

Supply is shrinking short term. In Q3 2021, the global harvest growth of Atlantic salmon is expected to be negative with around 4%, compared to Q3 2020. Overall, the market supply of salmon in 2021 is expected to increase around 5-6%, compared to 2020, when including expected inventory movements.

Bakkafrost operates in the main salmon markets, Europe, USA, the Far East and Russia. The Covid-19 pandemic has caused global market disruptions and a shift from foodservice to retail. The market is still affected by these changes but is gradually normalising. Due to our highly flexible value chain, Bakkafrost is well positioned to adapt to these changes and maintains a strong focus on ensuring a well-balanced flow to the different markets to increase diversification and mitigate the market risk.

### Farming

Overall, the biological performance of the harvested fish in the Faroe Islands has been strong during Q2 2021. The growth has been strong with very low feed conversion ratio and the quality of the harvested fish has been good. Our mechanical delousing capacity has been strengthened even more with the introduction of

new mechanical delousing technology. This will improve fish welfare even more and reduce mortality.

The average size of transferred smolt continues to increase in the Faroe Islands, and Bakkafrost is well on track in pursuing the large-smolt strategy. In Q2 2021, the average weight of the transferred smolt was 422g (286g in Q2 2020). In 2022 the average smolt size is expected to be 500g. To enable this and add further capacity, the existing hatcheries at Norðtoftir and Glyvradalur are being expanded. This work is well under way and the increased production output will be available already in 2022, enabling Bakkafrost to produce 20 million smolts of 500g in the Faroe Islands.

The gradual improvement of the farming operation in Scotland is continuing. Many investments are made in the marine farming operation, however the main priority is on the planned expansion of freshwater capacity. This will be achieved with the construction of 3 large hatcheries, based on the same template used in the Faroe Islands. This will enable implementation of the same large-smolt strategy as pursued in the Faroe Islands. The effect on the farming operation in Scotland will be gradual over the next years. Once fully implemented, the large-smolt strategy will be a game changer for the farming operation. The Applecross hatchery is the first of the 3 future hatcheries and is currently being expanded. So far, additional capacity and improved RAS capability has been secured with the expansion and we expect to see some improvements from this later this year. The Applecross 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. The number and average weight of smolts released are key elements of predicting Bakkafrost's future production.

Bakkafrost's harvest volumes for 2021 in the Faroe Islands are expected to be 66,000 tonnes gutted weight and 40,000 tonnes gutted weight in Scotland. Hence the total harvest volume is expected to be 106,000 tonnes gutted weight, compared with 85,686 tonnes harvested in 2020.

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

### VAP (Value added products)

Bakkafrost 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 Bakkafrost to adapt well to the rapidly changing market situations, which is a great advantage during market disruptions as the one seen during the Covid-19 pandemic. Due to the flexibility and large capacity of the VAP factory, Bakkafrost has been able to meet the significantly increased demand from the retail segment by redirecting volumes into the VAP segment.

For 2021 Bakkafrost has signed contracts covering around 31% of the expected harvest volumes in the Faroe Islands and Scotland combined. Bakkafrost's long-term strategy is to sell around 40% of the harvested volumes of salmon as VAP products at contracts.

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 2021 recommendation for blue whiting is 929 thousand tonnes, which is a 20% reduction from the recommendation for 2020.

Bakkafrost expects a decrease in production volumes of fishmeal and fish oil in 2021, compared to 2020.

Havsbrún's sales of fish feed for 2021 is expected to be 120,000 tonnes, depending on external sales.

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

### Investments

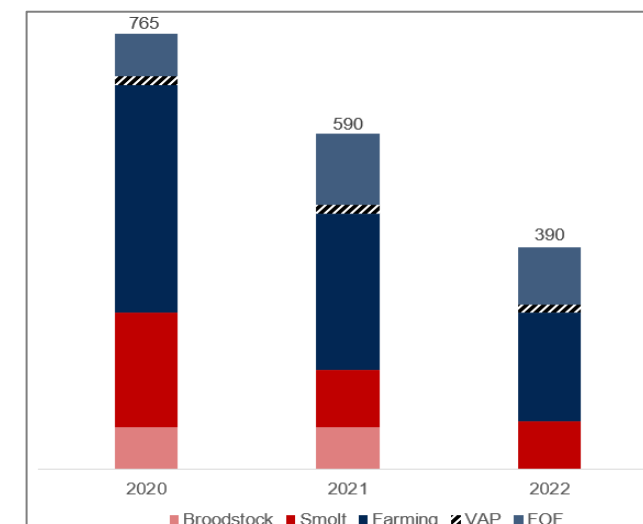
Bakkafrost's investment programme for the period from 2020 to 2022 in the Faroe Islands, will amount to around DKK 1.8 billion, including maintenance capex, and will reinforce Bakkafrost's integrated business model and ensure a capacity across the value chain to be able to produce 100,000 tonnes gutted weight of salmon in the Faroe Islands. The aim of the investment programme is to minimize the biological risk, increase efficiency and create sustainable organic growth. Bakkafrost's focus on producing larger smolts plays a key role in achieving this goal.

All in all, Bakkafrost is on track with the investment programme. The hatchery at Strond is finalized, and the expansion of the hatcheries at Norðtoftir and Glyvradalur in the Faroe Islands and the Applecross hatchery in Scotland are well underway. The increased production capacity in these hatcheries will be available in 2022.

In Q2 2020, Bakkafrost commissioned a new 7,000 m<sup>3</sup> well boat with hybrid technology to reduce the carbon emission and ensure optimal energy consumption. The vessel will be delivered in H1 2022 and will play an important role in Bakkafrost's large-smolt strategy and plans to grow beyond 100,000 tonnes in the Faroe Islands with offshore farming, as well as adding freshwater treatment capacity.

Bakkafrost's recently finished Biogas plant is an important stepping-stone on Bakkafrost's sustainable growth path, as it delivers an efficient and sustainable solution to waste management. By converting the growing biological waste from the increasing operation into clean energy, the biogas plant alone is expected to save the environment from 11,000 tonnes of CO<sub>2</sub> per year. The Biogas plant is now operational, supplying electricity into the Faroese electricity grid as well as providing heating for the residents in Tórshavn, the capital of the Faroe Islands.

Investment programme (FO) 2020-2022 - mDKK



In addition to the planned investments in the value chain in the Faroe Islands, Bakkafrost expects to make investments of around DKK 350-400 million per year for 2020-2024 in the Scottish operation. A significant part of this will be invested in building 3 large hatcheries to increase smolt capacity and become self-sufficient with large smolt.

Investments have also been made in expansion of the harvest capacity in Scotland to increase the flexibility of the operation and accommodate the increased harvest volumes expected in coming years.

Bakkafrost will have a Capital Market Day on 14-15 September 2021, where more details on the investment plan for the Faroe Islands and Scotland will be presented.

**Financial**

Despite the uncertainties imposed by the Covid-19 pandemic, long term market balances in the world market for salmon products will most likely remain favourable for Bakkafrøst. Bakkafrøst 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, Bakkafrøst 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 Bakkafrøst's bank financing, makes Bakkafrøst's financial situation strong. This enables Bakkafrøst 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.

**Covid-19 pandemic**

Bakkafrøst plays an important role in ensuring healthy food for the world's growing population, and this role is especially important in the difficult times the world is facing at present.

During the Covid-19 pandemic, Bakkafrøst's ability to operate in the Faroe Islands has not been affected by the pandemic, and the operation in Scotland has been only mildly affected.

As the market situation is still affected by the Covid-19 pandemic, Bakkafrøst continues taking all necessary steps to protect the business and constantly adapts to the changing market conditions and shifting demands from customers.

## 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 Bakkafrøst for the period 1 January 2021 to 30 June 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.

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 at 30 June 2021 as well as the results of the Group activities and cash flows for the period 1 January 2021 to 30 June 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.

Glyvvar, August 23<sup>th</sup>, 2021

Management:

J. Regin Jacobsen  
CEO

The Board of Directors of P/F Bakkafrøst:

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



## Consolidated Income Statement

For the period ended 30 June 2021

DKK 1,000	Q2 2021	Q2 2020	H1 2021	H1 2020
<b>Operating revenue</b>	<b>1,617,534</b>	<b>1,134,222</b>	<b>2,793,171</b>	<b>2,389,448</b>
Purchase of goods	-399,307	-642,818	-687,909	-1,058,094
Change in inventory and biological assets (at cost)	-79,924	215,285	-87,299	158,618
Salary and personnel expenses	-184,782	-159,987	-352,352	-308,700
Other operating expenses	-419,751	-249,039	-777,685	-516,509
Depreciation	-126,281	-115,766	-256,936	-234,783
<b>Operational EBIT*</b>	<b>407,489</b>	<b>181,897</b>	<b>630,990</b>	<b>429,980</b>
Fair value adjustments of biological assets	176,486	426,650	461,108	15,939
Onerous contracts	0	0	0	0
Income from associates	3,081	0	4,398	0
Revenue tax	-41,152	-22,633	-61,515	-41,765
<b>Earnings before interest and taxes (EBIT)</b>	<b>545,904</b>	<b>585,914</b>	<b>1,034,981</b>	<b>404,154</b>
Net interest revenue	2,239	344	2,359	1,147
Net interest expenses	-10,908	-10,057	-18,513	-19,584
Net currency effects	-1,992	-2,554	16,909	12,894
Other financial expenses	-5,438	-2,355	-12,463	-8,370
<b>Earnings before taxes (EBT)</b>	<b>529,805</b>	<b>571,292</b>	<b>1,023,273</b>	<b>390,241</b>
Taxes	-101,678	-99,611	-187,414	-66,541
<b>Profit or loss for the period</b>	<b>428,127</b>	<b>471,681</b>	<b>835,859</b>	<b>323,700</b>
<b>Profit or loss for the year attributable to Owners of P/F Bakkafrøst</b>	<b>428,127</b>	<b>471,681</b>	<b>835,859</b>	<b>323,700</b>
Earnings per share (DKK)	7.25	7.98	14.15	5.48
Diluted earnings per share (DKK)	7.25	7.98	14.15	5.48

\* 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 June 2021

DKK 1,000	Q2 2021	Q2 2020	H1 2021	H1 2020
<b>Profit for the period</b>	<b>428,127</b>	<b>471,681</b>	<b>835,859</b>	<b>323,700</b>
Changes on financial derivatives	211	749	2,318	752
Hereof income tax effect	-33	-114	-354	-106
Reserve to share-based payment	1,053	910	-536	-650
Currency translation differences	-4,903	-28,595	33,149	-77,379
Adjustment of treasury shares	5,216	6,323	8,960	4,713
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</b>	<b>1,544</b>	<b>-20,727</b>	<b>43,537</b>	<b>-72,670</b>
<b>Other comprehensive income</b>	<b>1,544</b>	<b>-20,727</b>	<b>43,537</b>	<b>-72,670</b>
<b>Total other comprehensive income for the period</b>	<b>429,671</b>	<b>450,954</b>	<b>879,396</b>	<b>251,030</b>
<b>Comprehensive income for the period attributable to Owners of P/F Bakkafrøst</b>	<b>429,671</b>	<b>450,954</b>	<b>879,396</b>	<b>251,030</b>

# Consolidated Statement of Financial Position

As at 30 June 2021

DKK 1,000	30 June 2021	31 Dec 2020
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets	4,494,960	4,493,395
Property, plant and equipment	4,549,575	4,220,599
Right of use assets	314,509	353,192
Financial assets	124,225	122,459
Long-term receivables	8,101	8,101
Deferred tax assets	0	26,934
<b>Total non-current assets</b>	<b>9,491,370</b>	<b>9,224,680</b>
<b>Current assets</b>		
Biological assets (biomass)	2,489,210	2,117,024
Inventory	809,443	776,032
<b>Total inventory</b>	<b>3,298,653</b>	<b>2,893,056</b>
Financial derivatives	6,805	0
Accounts receivable	618,859	490,075
Other receivables	84,598	133,574
<b>Total receivables</b>	<b>710,262</b>	<b>623,649</b>
<b>Cash and cash equivalents</b>	<b>552,981</b>	<b>466,939</b>
<b>Total current assets</b>	<b>4,561,896</b>	<b>3,983,644</b>
<b>TOTAL ASSETS</b>	<b>14,053,266</b>	<b>13,208,324</b>

DKK 1,000	30 June 2021	31 Dec 2020
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	59,143	59,143
Other equity	9,336,906	8,670,344
<b>Total equity</b>	<b>9,396,049</b>	<b>8,729,487</b>
<b>Non-current liabilities</b>		
Deferred taxes and other taxes	1,367,759	1,222,222
Long-term interest-bearing debt	2,456,065	2,219,690
Long-term leasing debt	249,024	265,235
Financial derivatives	0	1,480
<b>Total non-current liabilities</b>	<b>4,072,848</b>	<b>3,708,627</b>
<b>Current liabilities</b>		
Financial derivatives	2,251	9,710
Short-term leasing debt	97,669	131,336
Accounts payable and other debt	484,449	629,164
<b>Total current liabilities</b>	<b>584,369</b>	<b>770,210</b>
<b>Total liabilities</b>	<b>4,657,217</b>	<b>4,478,837</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>14,053,266</b>	<b>13,208,324</b>

# Consolidated Cash Flow Statement

For the period ended 30 June 2021

DKK 1,000	Q2 2021	Q2 2020	H1 2021	H1 2020
<b>Earnings before interest and taxes (EBIT)</b>	<b>545,904</b>	<b>585,914</b>	<b>1,034,981</b>	<b>404,154</b>
Adjustments for write-downs and depreciation	126,281	115,766	256,936	234,519
Adjustments for value adjustment of biomass	-176,486	-426,650	-461,108	-15,939
Adjustments for income from associates	-3,081	0	-4,398	0
Adjustments for currency effects	-9,940	-32,477	22,098	33,681
Change in inventory	-37,419	-181,303	-72,848	-126,404
Change in receivables	-93,749	77,552	-79,809	96,664
Change in current debts	180,070	-27,403	-26,918	-150,027
<b>Cash flow from operations</b>	<b>531,580</b>	<b>111,399</b>	<b>668,934</b>	<b>476,648</b>
<b>Cash flow from investments</b>				
Proceeds from sale of fixed assets	0	19,050	0	19,050
Payments for purchase of fixed assets	-247,084	-217,586	-514,716	-318,843
Net investment in financial assets	2,060	2,404	2,060	2,404
Change in long-term receivables	101	0	0	0
<b>Cash flow from investments</b>	<b>-244,923</b>	<b>-196,132</b>	<b>-512,656</b>	<b>-297,389</b>
<b>Cash flow from financing</b>				
Change in interest-bearing debt (short and long)	145,801	-219,025	230,054	-758,730
Acquisition of minorities	0	0	0	-167,620
Financial income	2,239	344	2,359	1,147
Financial expenses	-16,346	-12,412	-30,976	-27,954
Lease payments	-30,994	-37,890	-64,761	-69,568
Net proceeds from sale of own shares	7,790	7,026	8,960	-11,691
Dividend paid	-215,872	0	-215,872	0
<b>Cash flow from financing</b>	<b>-107,382</b>	<b>-261,957</b>	<b>-70,236</b>	<b>-1,034,416</b>
<b>Net change in cash and cash equivalents in period</b>	<b>179,275</b>	<b>-346,690</b>	<b>86,042</b>	<b>-855,157</b>
Cash and cash equivalents - opening balance	373,706	801,079	466,939	1,309,546
<b>Cash and cash equivalents - closing balance total</b>	<b>552,981</b>	<b>454,389</b>	<b>552,981</b>	<b>454,389</b>

# Consolidated Statement of Changes in Equity

## As at 30 June 2021

DKK 1,000	Share Capital	Share Premium Reserve	Treasury Shares	Share based Payment	Currency translation differences	Derivatives	Proposed Dividend	Biom Fairvalue - adjustments	Retained Earnings	Total Equity
<b>Equity 01.01.2021</b>	59,143	4,027,375	-37,672	6,229	34,545	-14,829	215,872	145,387	4,293,438	8,729,488
<b>Consolidated profit</b>	0	0	0	0	0	0	0	461,108	377,787	838,895
Changes in financial derivatives	0	0	0	0	0	2,318	0	0	0	2,318
Hereof income tax effect	0	0	0	0	0	-354	0	0	0	-354
Share-based payment	0	0	0	-536	0	0	0	0	0	-536
Currency translation differences	0	0	0	0	33,150	0	0	0	0	33,150
<b>Total other comprehensive income</b>	0	0	0	-536	33,150	1,964	0	0	0	34,578
<b>Total comprehensive income</b>	0	0	0	-536	33,150	1,964	0	461,108	377,787	873,473
Treasury shares	0	0	8,960	0	0	0	0	0	0	8,960
Paid-out dividend	0	0	0	0	0	0	-215,872	0	0	-215,872
<b>Total transaction with owners</b>	0	0	8,960	0	0	0	-215,872	0	0	-206,912
<b>Total changes in equity</b>	0	0	8,960	-536	33,150	1,964	-215,872	461,108	377,787	666,561
<b>Total equity 30.06.2021</b>	59,143	4,027,375	-28,712	5,693	67,695	-12,865	0	606,495	4,671,225	9,396,049
<b>Equity 01.01.2020</b>	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>	0	0	0	0	0	0	0	118,003	346,196	464,199
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>	0	0	0	1,170	-44,305	519	0	0	16,253	-26,363
<b>Total comprehensive income</b>	0	0	0	1,170	-44,305	519	0	-16,816	497,268	437,836
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>	0	0	-37,604	0	0	0	215,872	0	-215,872	-37,604
<b>Total changes in equity</b>	0	0	-37,604	1,170	-44,305	519	215,872	-16,816	281,396	400,232
Change in non-controlling interest	0	0	0	0	0	0	0	0	-167,620	-167,620
<b>Total equity 31.12.2020</b>	59,143	4,027,375	-37,672	6,229	34,545	-14,829	215,872	145,387	4,293,438	8,729,488
<b>Equity 01.01.2020</b>	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>	0	0	0	0	0	0	0	15,939	308,907	324,846
Reclassification 01.01.2020	0	0	0	0	0	0	0	-134,819	134,819	0
<i>Other comprehensive income:</i>										
Changes in financial derivatives	0	0	0	0	0	752	0	0	0	752
Hereof income tax effect	0	0	0	0	0	-106	0	0	0	-106
Share-based payment	0	0	0	-650	0	0	0	0	0	-650
Currency translation differences	0	0	0	0	-77,379	0	0	0	0	-77,379
<b>Total other comprehensive income</b>	0	0	0	-650	-77,379	646	0	0	0	-77,383
<b>Total comprehensive income</b>	0	0	0	-650	-77,379	646	0	-118,880	443,726	247,463
<i>Transaction with owners:</i>										
Treasury shares	0	0	4,713	0	0	0	0	0	0	4,713
<b>Total transaction with owners</b>	0	0	4,713	0	0	0	0	0	0	4,713
<b>Total changes in equity</b>	0	0	4,713	-650	-77,379	646	0	-118,880	443,726	252,176
Change in non-controlling interest	0	0	0	0	0	0	0	0	-167,620	-167,620
<b>Total equity 30.06.2020</b>	59,143	4,027,375	4,645	4,409	1,471	-14,702	0	43,323	4,455,767	8,581,431

# 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 at 31 December 2020 is available upon request from the company's registered office at Bakkavegur 9, FO-625 Glyvrar, Faroe Islands, or at [www.bakkafrost.com](http://www.bakkafrost.com).

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 at 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 at 30 June 2021.

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

## Note 4. Biological Assets

	30 June 2021	30 June 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	1,423,107	978,010	3,012,251
Reduction due to harvesting or sale (costs of goods sold)	-1,498,193	-988,071	-2,761,374
Reduction due to mortality (costs of incidents-based mortality) *)	-14,664	0	-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	0	0
Fair value adjustment at the end of the period	630,947	43,634	145,387
Reversal of elimination at the beginning of the period	80,083	59,121	59,121
Eliminations	-83,711	-54,120	-80,083
Currency translation differences	4,456	-9,250	-6,508
<b>Biological assets carrying amount at the end of the period</b>	<b>2,489,210</b>	<b>1,903,359</b>	<b>2,117,024</b>
Cost price biological assets	1,937,518	1,922,207	2,058,228
Fair value adjustment at the end of the period	630,947	43,634	145,387
Eliminations	-83,711	-53,232	-80,083
Currency translation differences	4,456	-9,250	-6,508
<b>Biological assets carrying amount</b>	<b>2,489,210</b>	<b>1,903,359</b>	<b>2,117,024</b>
<b>Biomass (tonnes)</b>			
< 1 kg	4,657	5,307	5,777
1 kg < 2 kg	10,170	10,687	10,258
2 kg < 3 kg	13,311	10,172	10,880
3 kg < 4 kg	16,434	12,285	11,921
4 kg <	12,087	19,390	25,642
<b>Volume of biomass at sea (tonnes)</b>	<b>56,659</b>	<b>57,841</b>	<b>64,478</b>

\* Costs of incident-based mortality per segment:

	Q2 2021	Q2 2020	YTD 2021
Faroe Islands	0	0	0
Scotland	-6,614	0	-14,664
	<b>-6,614</b>	<b>0</b>	<b>-14,664</b>

	Q2 2021	Q2 2020	2020
<b>Number of fish (thousand)</b>			
< 1 kg	9,000	10,499	11,960
1 kg < 2 kg	6,541	6,879	6,192
2 kg < 3 kg	5,483	4,203	4,338
3 kg < 4 kg	4,686	3,507	3,415
4 kg <	2,543	4,069	5,324
<b>Total number of fish at sea (thousand)</b>	<b>28,253</b>	<b>29,157</b>	<b>31,229</b>
<b>Number of smolt released YTD (thousand)</b>			
Farming North	2,142	1,080	6,455
Farming West	1,574	2,396	5,703
Farming South	1,822	1,709	2,119
Farming Scotland	3,969	3,867	10,354
<b>Total number of smolts released YTD (thousand)</b>	<b>9,507</b>	<b>9,052</b>	<b>24,631</b>
<b>Sensitivity in DKK 1,000</b>			
Change in discount rate +1%	-135,387	-129,940	-150,403
Change in discount rate -1%	148,594	147,848	169,708
Change in sales price +5 DKK	455,633	425,744	466,110
Change in sales price -5 DKK	-455,633	-425,278	-465,110
Change in biomass volume +1%	9,766	4,399	5,414
Change in biomass volume -1%	-9,766	-4,399	-5,414
<b>One-year forward prices in EUR FCA Oslo**</b>			
Period end	5.79	6.11	4.36
1 Q (forward)	5.48	4.60	4.85
2 Q (forward)	5.98	4.90	5.39
3 Q (forward)	6.22	5.82	5.10
4 Q (forward)	6.35	5.86	5.25

\*\* Source Fish Pool

## Note 5. Segments

Farming - FO	Q2	Q2	H1	H1
DKK 1,000	2021	2020	2021	2020
External revenue	743,551	352,986	1,217,102	755,396
Internal revenue	217,816	221,203	389,375	451,326
<b>Total revenue</b>	<b>961,367</b>	<b>574,189</b>	<b>1,606,477</b>	<b>1,206,722</b>
Operating expenses	-547,922	-432,459	-982,603	-807,311
Depreciation and amortization	-70,276	-55,980	-137,414	-110,736
<b>Operational EBIT</b>	<b>343,169</b>	<b>85,750</b>	<b>486,460</b>	<b>288,675</b>
Fair value adjustments of biological assets	107,156	137,954	425,416	-197,753
Revenue tax	-41,152	-22,633	-60,442	-41,765
<b>Earnings before interest and taxes (EBIT)</b>	<b>409,173</b>	<b>201,071</b>	<b>851,434</b>	<b>49,157</b>
Net financial items	-12,628	-13,876	-3,304	-9,093
<b>Earnings before taxes (EBT)</b>	<b>396,545</b>	<b>187,195</b>	<b>848,130</b>	<b>40,064</b>
Taxes	-77,288	-29,913	-158,207	-3,739
<b>Profit or loss for the period</b>	<b>319,257</b>	<b>157,282</b>	<b>689,923</b>	<b>36,325</b>



Farming - SCT	Q2	Q2	H1	H1
DKK 1,000	2021	2020	2021	2020
External revenue	558,859	377,430	881,013	789,825
<b>Total revenue</b>	<b>558,859</b>	<b>377,430</b>	<b>881,013</b>	<b>789,825</b>
Operating expenses	-463,764	-301,109	-742,005	-631,569
Depreciation and amortization	-42,228	-47,527	-92,374	-99,722
<b>Operational EBIT</b>	<b>52,867</b>	<b>28,794</b>	<b>46,634</b>	<b>58,534</b>
Fair value adjustments of biological assets	69,330	288,696	35,692	213,692
Levy cost	0	0	-1,073	0
<b>Earnings before interest and taxes (EBIT)</b>	<b>122,197</b>	<b>317,490</b>	<b>81,253</b>	<b>272,226</b>
Net financial items	899	-5,450	-10,759	8,133
<b>Earnings before taxes (EBT)</b>	<b>123,096</b>	<b>312,040</b>	<b>70,494</b>	<b>280,359</b>
Taxes	-23,056	-56,943	-11,040	-50,487
<b>Profit for the period</b>	<b>100,040</b>	<b>255,097</b>	<b>59,454</b>	<b>229,872</b>

Value added products DKK 1,000	Q2 2021	Q2 2020	H1 2021	H1 2020
<b>External revenue</b>	<b>258,999</b>	<b>307,763</b>	<b>558,702</b>	<b>582,071</b>
Internal purchase of raw material	-217,816	-221,203	-389,375	-451,326
Operating expenses	-30,971	-33,188	-79,153	-83,309
Depreciation and amortization	-4,935	-4,750	-9,910	-9,612
<b>Operational EBIT</b>	<b>5,277</b>	<b>48,622</b>	<b>80,264</b>	<b>37,824</b>
Provision of onerous contracts	0	0	0	0
<b>Earnings before interest and taxes (EBIT)</b>	<b>5,277</b>	<b>48,622</b>	<b>80,264</b>	<b>37,824</b>
Net financial items	-138	-174	-454	-392
<b>Earnings before taxes (EBT)</b>	<b>5,139</b>	<b>48,448</b>	<b>79,810</b>	<b>37,432</b>
Taxes	-925	-8,720	-14,367	-6,737
<b>Profit or loss for the period</b>	<b>4,214</b>	<b>39,728</b>	<b>65,443</b>	<b>30,695</b>

<b>Fishmeal, Fish Oil and Fish Feed</b>	<b>Q2</b>	<b>Q2</b>	<b>H1</b>	<b>H1</b>
<b>DKK 1,000</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
External revenue	50,887	96,043	125,757	262,156
Internal revenue	296,130	172,568	543,222	316,425
<b>Total revenue</b>	<b>347,017</b>	<b>268,611</b>	<b>668,979</b>	<b>578,580</b>
Cost of goods sold	-249,249	-165,754	-484,773	-384,978
Operating expenses	-40,371	-52,936	-78,524	-103,469
Depreciation and amortization	-8,842	-7,509	-17,238	-14,712
<b>Operational EBIT</b>	<b>48,555</b>	<b>42,412</b>	<b>88,444</b>	<b>75,421</b>
Income from associates	3,081	0	4,398	0
<b>Earnings before interest and taxes (EBIT)</b>	<b>51,636</b>	<b>42,412</b>	<b>92,842</b>	<b>75,421</b>
Net financial items	-4,232	4,878	2,806	-12,561
<b>Earnings before taxes (EBT)</b>	<b>47,404</b>	<b>47,290</b>	<b>95,648</b>	<b>62,861</b>
Taxes	-8,533	-8,512	-17,216	-11,315
<b>Profit or loss for the period</b>	<b>38,871</b>	<b>38,778</b>	<b>78,432</b>	<b>51,546</b>

<b>Reconciliation of reportable segments</b>	<b>Q2</b>	<b>Q2</b>	<b>H1</b>	<b>H1</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	396,545	187,195	848,130	40,064
Farming Scotland	123,096	312,040	70,494	280,359
VAP (Value added products)	5,139	48,448	79,810	37,432
FOF (Fishmeal, Fish oil and fish Feed)	47,404	47,290	95,648	62,861
Eliminations	-42,379	-23,680	-70,809	-30,473
<b>Group earnings before taxes (EBT)</b>	<b>529,805</b>	<b>571,293</b>	<b>1,023,273</b>	<b>390,243</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 835 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 at 30 June 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)	2,489,210	1,858,263	0	0	2,489,210
<b>Assets measured at fair value 30/06-2021</b>	<b>2,489,210</b>	<b>1,858,263</b>	<b>0</b>	<b>0</b>	<b>2,489,210</b>
<b>Liabilities measured at fair value 30/06-2021</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 H1 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 June	31 Dec
DKK 1,000	2021	2020
Cash and cash equivalents	552,981	466,939
Long- and short-term interest-bearing debt	-2,456,065	-2,219,690
<b>Net interest-bearing debt</b>	<b>-1,903,084</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.

	Q2	Q2	H1	H1
DKK 1,000	2021	2020	2021	2020
<b>EBIT</b>	<b>545,904</b>	<b>585,914</b>	<b>1,034,981</b>	<b>404,154</b>
Fair value adjustments of biological assets	-176,486	-426,650	-461,108	-15,939
Income from associates	-3,081	0	-4,398	0
Revenue tax	41,152	22,633	61,515	41,765
<b>Operational EBIT</b>	<b>407,489</b>	<b>181,897</b>	<b>630,990</b>	<b>429,980</b>

**Operational EBIT per kg**

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

**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.

	Q2	Q2	H1	H1
DKK 1,000	2021	2020	2021	2020
Profit for the period to the shareholders of P/F Bakkafrøst	428,127	471,681	835,859	323,700
Fair value adjustment of biomass	-176,486	-426,650	-461,108	-15,939
Tax on fair value adjustment and onerous contracts provisions	31,767	76,797	407,732	2,869
<b>Adjusted profit for the period to shareholders of P/F Bakkafrøst</b>	<b>283,408</b>	<b>121,828</b>	<b>782,483</b>	<b>310,630</b>
<b>Time-weighted average number of shares outstanding through the period</b>	<b>59,057,333</b>	<b>59,115,066</b>	<b>59,057,333</b>	<b>59,115,066</b>
<b>Adjusted earnings per share (before fair value adjustment of biomass and provisions for onerous contracts) (adjusted EPS)</b>	<b>4.80</b>	<b>2.06</b>	<b>13.25</b>	<b>5.25</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.

	Q2	Q2	H1	H1
DKK 1,000	2021	2020	2021	2020
Group -Operational EBIT	407,489	181,897	630,990	429,980
Average Capital Employed	13,242,586	11,431,799	12,953,506	11,431,799
<b>ROCE</b>	<b>3.1%</b>	<b>1.6%</b>	<b>4.9%</b>	<b>3.8%</b>

## Contacts

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