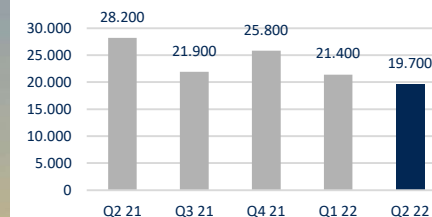


INTERIM REPORT

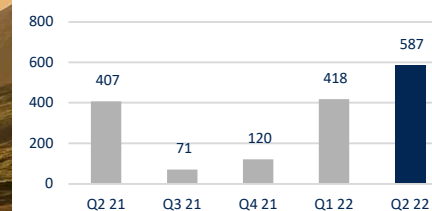
Q2 2022 and H1 2022

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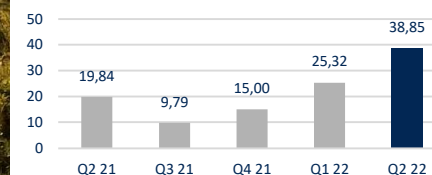
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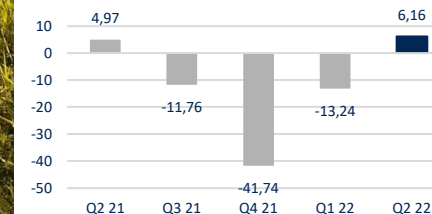
OPERATIONAL EBIT MDKK



OPERATIONAL EBIT VAP AND
FARMING FO DKK/KG



OPERATIONAL EBIT SCT DKK/KG



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Highlights

DKK M	Q2 2022	Q2 2021	H1 2022	H1 2021
INCOME STATEMENT				
Group - Operating revenue	1,684	1,618	3,323	2,793
Group - Operational EBIT*	587	407	1,004	631
Group - EBIT	1,062	546	1,572	1,035
Group - Profit for the period	845	428	1,249	836
Operational EBIT* (FO Farming and VAP)	509	348	951	567
Operational EBIT/kg (FO Farming and VAP) (DKK)	38.85	19.84	31.12	17.94
Operational EBIT/kg (FO Farming and VAP) (NOK)	52.28	26.93	41.70	24.55
Farming Faroe Islands - Operating revenue	1,140	961	2,338	1,606
Farming Faroe Islands - Operational EBIT*	617	343	1,088	486
Farming Faroe Islands - Operational EBIT margin	54%	36%	47%	30%
Farming Faroe Islands - Operational EBIT/kg (DKK)	47.10	19.54	35.61	15.40
Farming Faroe Islands - Operational EBIT/kg (NOK)	63.38	26.52	47.73	21.07
Farming Scotland - Operating revenue	467	559	701	881
Farming Scotland - Operational EBIT*	41	53	-12	46
Farming Scotland - Operational EBIT margin	9%	9%	-2%	5%
Farming Scotland - Operational EBIT/kg (DKK)	6.16	4.97	-1.10	2.58
Farming Scotland- Operational EBIT/kg (NOK)	8.29	6.75	-1.47	3.54
VAP - Operating revenue	417	259	835	559
VAP - Operational EBIT*	-108	5	-137	80
VAP - Operational EBIT margin	-26%	2%	-16%	14%
VAP - Operational EBIT/kg (DKK)	-18.17	1.13	-10.67	7.84
VAP - Operational EBIT/kg (NOK)	-24.46	1.53	-14.30	10.72
FOF - Operating revenue	523	347	965	669
FOF - EBITDA	119	57	205	106
FOF - EBITDA margin	22.7%	16.5%	21.3%	15.8%
NOK/DKK (average)	74.31	73.69	74.62	73.08

DKK M	Q2 2022	Q2 2021	H1 2022	H1 2021
FINANCIAL POSITION AND CASH FLOW				
Total Assets***	15,714	14,628	15,714	14,628
Equity***	10,279	9,348	10,279	9,348
Equity ratio***	65%	64%	65%	64%
Net interest-bearing debt***	2,267	2,126	2,267	2,126
Cash flow from operations	542	532	693	669
Cash flow from financing	-206	-107	-247	-70
PROFITABILITY				
Basic earnings per share (DKK)	14.29	7.25	21.14	14.15
Diluted earnings per share (DKK)	14.29	7.25	21.14	14.15
ROCE**	4.0%	3.1%	6.9%	4.9%
VOLUMES				
Harvested Faroe Islands (tgv)	13,101	17,561	30,560	31,586
Harvested Scotland (tgv)	6,646	10,634	10,619	17,636
Total Harvest	19,747	28,195	41,179	49,222
Farming FO transferred to VAP (tgv)	6,318	4,917	12,995	10,182
VAP produced (tgv)	5,944	4,667	12,880	10,243
Sold feed tonnes	31,243	27,272	57,435	50,989
Internal feed sales tonnes	30,231	26,416	55,254	49,629
Smolt released thousand Faroe Islands (pcs)	3,348	3,155	5,328	5,581
Smolt released thousand Scotland (pcs)	2,818	2,078	5,075	3,696
Total smolt release	6,166	5,233	10,403	9,277

* 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 the end of 2021

Summary of the Second Quarter 2022 and First Half of 2022

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

The Bakkafrost Group delivered a total operating EBIT of DKK 587 million (DKK 407 million) in Q2 2022 and made a profit of DKK 845 million (DKK 428 million).

The combined FO farming and VAP segments made an operational EBIT of DKK 509 million (DKK 348 million).

The FO farming segment made an operational EBIT of DKK 617 million (DKK 343 million).

The SCT farming segment made an operational EBIT of DKK 41 million (DKK 53 million).

The VAP segment made an operational EBIT of DKK -108 million (DKK 5 million).

The EBITDA for the FOF segment was DKK 119 million (DKK 57 million).

Total harvested volumes for Q2 2022 were 19,700 tonnes gutted weight (28,200 tgw):

- FO: 13,100 tgw (17,600 tgw),
- SCT: 6,600 tgw (10,600 tgw).

Total harvested volumes for H1 2022 were 41,200 tonnes gutted weight (49,200 tgw):

- FO: 30,600 tgw (31,600 tgw),
- SCT: 10,600 tgw (17,600 tgw).

In total, 6.2 million (5.2 million) smolts were transferred during Q2 2022:

- FO: 3.3 million (3.2 million),
- SCT: 2.8 million (2.1 million).

In total, 10.4 million (9.3 million) smolts were transferred during H1 2022:

- FO: 5.3 million (5.6 million),
- SCT: 5.1 million (3.7 million).

The combined FO farming and VAP segments made an operational EBIT of DKK 509 million (DKK 348 million) in Q2 2022. The operational EBIT per kg in Q2 2022 was DKK 38.85 (DKK 19.84), corresponding to NOK 52.28 (NOK 26.93). The FO Farming segment achieved higher prices in Q2 2022 than in Q2 2021. For H1 2022, the combined FO farming and VAP segments made an operational EBIT of DKK 951 million (DKK 567 million).

The SCT farming segment made an operational EBIT of DKK 41 million (DKK 53 million). In Q2 2022, the SCT farming segment had incident-based costs of DKK 57 million (DKK 7 million). For H1 2022, the operational EBIT was DKK -12 million (DKK 46 million).

The FOF segment made a 23% (17%) EBITDA margin. Sales of fish feed amounted to 31,200 tonnes (27,300 tonnes) in Q2 2022. During Q2 2022, Havsbrún sourced 97,600 tonnes (59,300 tonnes) of raw material. For H1 2022, the EBITDA was 21% (16%).

During H1 2022, Havsbrún sourced 175,600 tonnes (107,800 tonnes) of raw material.

The net interest-bearing debt amounted to DKK 2,267 million at the end of Q2 2022, compared to DKK 2,126 million at year-end 2021. Undrawn credit facilities amounted to DKK 2,924 million at the end of Q2 2022.

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 a 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 April 29th 2022, decided to pay out a dividend of DKK 5.14, corresponding to NOK 6.70 per share. The total dividend of DKK 304 million (NOK 396 million) was paid out on May 20th 2022.

The equity ratio was 65% on June 30th 2022, compared to 64% at the end of 2021.

Results from the Second Quarter of 2022 and the First Half of 2022

Income Statement

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

The Group's operating revenue amounted to DKK 1,684 million (DKK 1,618 million) in Q2 2022; for H1 2022, the operating revenue amounted to DKK 3,323 million (DKK 2,793 million).

The FO farming segment's harvest volumes were lower, but the achieved prices were higher in Q2 2022 compared to last year's quarter. The VAP segment had higher revenues because of higher volumes sold and higher prices in Q2 2022 than in Q2 2021. The SCT Farming segment had a lower revenue because of the lower harvest volume, and also costs on incident-based mortality. The FOF segment had higher revenue in Q2 2022, compared to Q2 2021, due to higher sales of fishmeal and higher sales of fish feed in Q2 2022, compared to Q2 2021.

The Group's operational EBIT was DKK 587 million (DKK 407 million) in Q2 2022. For H1 2022, the Group's operational EBIT was DKK 1,004 million (DKK 631 million).

The combined FO farming and VAP segments had higher operational EBIT in Q2 2022 compared to Q2 2021, DKK 509 million (DKK 348 million). Farming Scotland's operational EBIT was DKK 41 million (DKK 53 million), of which the cost of incident-based mortality is DKK 57 million (DKK 7 million). The FOF segment had higher EBITDA in Q2 2022 than in Q2 2021.

The fair value adjustment of the Group's biological assets amounted to DKK 576 million (DKK 176 million) in Q2 2022. For H1 2022, the fair value adjustment amounted to DKK 753 million (DKK 461 million).

Change in provisions for onerous contracts amounted to DKK -34 million (DKK 0 million) in Q2 2022. For H1 2022, the change in provisions for onerous contracts amounted to DKK -64 million (DKK 0 million). Provisions are made for estimated onerous contracts that oblige the Group to sell fish at a price less than calculated production costs, including raw materials and biomass, measured at fair value. Please see note 3.14 in the Annual Report 2021.

The revenue tax amounted to DKK -63 million (DKK -41 million) in Q2 2022. For H1 2022, the revenue tax was DKK -121 million (DKK -62 million).

Net taxes amounted to DKK -212 million (DKK -102 million) in Q2 2022. For H1 2022, net taxes amounted to DKK -299 million (DKK -187 million).

The result for Q2 2022 was DKK 845 million (DKK 428 million), and for H1 2022, the result was DKK 1,249 million (DKK 836 million).

Statement of Financial Position

(Figures in parenthesis refer to the end of last year).

The Group's total assets amounted to DKK 15,714 million (DKK 14,628 million) at the end of Q2 2022.

Intangible assets amounted to DKK 4,507 million (DKK 4,496 million) at the end of Q2 2022.

Property, plant and equipment amounted to DKK 5,091 million (DKK 4,889 million) at the end of Q2 2022. In Q2 2022 purchase of property, plant, and equipment amounts to DKK 284 million (DKK 247 million in Q2 2021).

Right of use assets amounted to DKK 280 million (DKK 302 million) in Q2 2022.

The carrying amount (fair value) of biological assets amounted to DKK 3,301 million (DKK 2,448 million) at the end of Q2 2022. Compared to year-end 2021, biological assets have increased and mainly due to an increase in the fair value adjustment.

Inventories amounted to DKK 923 million (DKK 709 million) at the end of Q2 2022.

Total receivables, including long-term receivables, financial derivatives, and deferred tax assets, amounted to DKK 964 million (DKK 1,126 million) at the end of Q2 2022.

Total cash and cash equivalents amounted to DKK 508 million (DKK 509 million) at the end of Q2 2022.

The Group's equity amounted to DKK 10,279 million (DKK 9,348 million) at the end of Q2 2022. The change in equity consists primarily of the result for 2022 and the paid-out dividend on DKK 304 million.

Total non-current liabilities amounted to DKK 4,809 million (DKK 4,474 million) at the end of Q2 2022.

Deferred taxes amounted to DKK 1,798 million (DKK 1,590 million) at the end of Q2 2022.

Long-term interest-bearing debt was DKK 2,775 million (DKK 2,635 million) at the end of Q2 2022.

Leasing debt amounted to DKK 306 million (DKK 333 million) at the end of Q2 2022.

At the end of Q2 2022, the Group's total current liabilities were DKK 626 million (DKK 807 million). The current liabilities consist of financial derivatives, short-term leasing debt and accounts payable, tax payable and other debt.

The equity ratio was 65% at the end of Q2 2022, compared to 64% at the end of 2021.

Cash Flow

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

The cash flow from operations was DKK 542 million (DKK 532 million) in Q2 2022. The changes in working capital had a negative effect on the cash flow from operations. For H1 2022, the cash flow from operations was DKK 693 million (DKK 669 million).

The cash flow from investment activities amounted to DKK -272 million (DKK -245 million) in Q2 2022. The primary investments have been in hatcheries and the new feed line for Havsbrún. For H1 2022, the cash flow from investments amounted to DKK -447 million (DKK -513 million).

The cash flow from financing activities totalled DKK -206 million (DKK -107 million) in Q2 2022. For H1 2022, cash flow from financing amounted to DKK -247 million (DKK -70 million).

In Q2 2022, the net change in cash flow amounted to DKK 63 million (DKK 179 million). For H1 2022, net change in cash flow amounted to DKK -1 million (DKK 86 million).

At the end of Q2 2022, the Group had unused committed credit facilities of DKK 2,924 million (DKK 1,523 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 the internal VAP production. The farming sites are in the Faroe Islands.

Volumes

The total volumes harvested in Q2 2022 were 13,101 tonnes gutted weight (17,561 tgw) – a change in volume of -25%. 4,801 tgw came from the North region, 3,082 tgw from the West region and 5,218 tgw from the South region. The harvested volumes for H1 2022 were 30,560 tonnes gutted weight (31,586 tgw). This is in line with the forecast for 2022.

3.3 million (3.2 million) smolts were transferred to the sea in Q2 2022. In H1 2022, 5.3 million (5.6 million) smolts were transferred, which is in line with the smolt transfer plan.

	Q2	Q2		H1	H1	
DKK 1,000	2022	2021	Change	2022	2021	Change
Financial						
Total revenue	1,139,931	961,367	19%	2,338,431	1,606,477	46%
EBIT	858,954	409,173	110%	1,334,124	851,434	57%
Operational EBIT	617,014	343,169	80%	1,088,389	486,460	124%
Operational EBIT/kg (DKK)	47.10	19.54	141%	35.61	15.40	131%
Operational EBIT margin	54%	36%		47%	30%	
Volumes						
Harvested volumes (tgw)	13,101	17,561	-25%	30,560	31,586	-3%
- Farming North	4,801	2,530	90%	14,847	13,952	6%
- Farming West	3,082	13,135	-77%	8,415	15,593	-46%
- Farming South	5,218	1,897	175%	7,298	2,042	257%
Smolts released (thousand)	3,348	3,155	6%	5,328	5,581	-5%
- Farming North	864	897	-4%	1,283	2,156	-40%
- Farming West	1,507	1,474	2%	2,769	1,575	76%
- Farming South	977	784	25%	1,276	1,850	-31%

Financial Performance

In Q2 2022, the operating revenue for the FO farming segment was DKK 1,140 million (DKK 961 million). The total revenue for the farming segment increased in Q2 2022, compared with Q2 2021, because of higher prices. The operating revenue for the FO farming segment for H1 2022 was DKK 2,338 million (DKK 1,606 million).

In Q2 2022, the FO farming segment's EBIT amounted to DKK 859 million (DKK 409 million). In H1 2022, the FO farming segment's EBIT was DKK 1,334 million (DKK 851 million).

Operational EBIT amounted to DKK 617 million (DKK 343 million) in Q2 2022, corresponding to an operational EBIT margin of 54% (36%). In H1 2022, operational EBIT was DKK 1,088 million (DKK 486 million).

Operational EBIT/kg for the FO farming segment was DKK 47.10 (DKK 19.54) in Q2 2022, corresponding to NOK 63.38 (NOK 26.52).

Costs of DKK 0 million (DKK 0 million) relate to incident-based mortality in Q2 2022 and H1 2022 DKK 0 million (DKK 0 million).

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 the Hebridean Islands.

Volumes

The total volumes harvested in Q2 2022 were 6,646 tonnes gutted weight (10,634 tgw) - a change in volume of -38%. The harvested volumes for H1 2022 were 10,619 tonnes gutted weight (17,636 tgw).

2.8 million (2.1 million) smolts were transferred to the sea in Q2 2022. In H1 2022, 5.1 million (3.7 million) smolts were transferred. This is in line with the smolt transfer plan.

	Q2	Q2		H1	H1	
DKK 1,000	2022	2021	Change	2022	2021	Change
Financial						
Total revenue	466,566	558,859	-17%	701,238	881,013	-20%
EBIT	312,193	122,197	155%	375,380	81,253	362%
Operational EBIT	40,925	52,867	-23%	-11,681	45,561	-126%
Operational EBIT/kg (DKK)	6.16	4.97	24%	-1.10	2.58	
Operational EBIT margin	9%	9%		-2%	5%	
Volumes						
Harvested volumes (tgw)	6,646	10,634	-38%	10,619	17,636	-40%
Smolts released (thousand pcs)	2,818	2,078	36%	5,075	3,696	37%

Financial Performance

In Q2 2022, the operating revenue for the SCT farming segment was DKK 467 million (DKK 559 million). The operating revenue for the SCT farming segment for H1 2022 was DKK 701 million (DKK 881 million).

In Q2 2022, the SCT farming segment's EBIT amounted to DKK 312 million (DKK 122 million). For H1 2022, the SCT farming segment's EBIT amounted to DKK 375 million (DKK 81 million).

Operational EBIT amounted to DKK 41 million (DKK 53 million) in Q2 2022, corresponding to an operational EBIT margin of 9% (9%). In H1 2022, operational EBIT was DKK -12 million (DKK 46 million), corresponding to an operational EBIT margin of -2% (5%).

Operational EBIT/kg for the farming segment in Scotland was DKK 6.16 (DKK 4.97) in Q2 2022, which corresponds to NOK 8.29 (NOK 6.75). Operational EBIT/kg for H1 2022 was DKK -1.10 (DKK 2.58), corresponding to NOK -1.47 (NOK 3.54).

Costs of DKK 57 million (DKK 7 million) relate to incident-based mortality in Q2 2022, and for H1 2022, DKK 81 million (DKK 15 million).

VAP Segment

The VAP (value-added products) segment produces skinless and boneless portions of salmon in the Faroe Islands. The primary market for VAP products is in Europe, with increasing sales in other markets. VAP products are sold on long-term fixed-price contracts. Munkebo Seafood was acquired on January 1st and is now a part of the VAP segment.

Volumes

48% (28%) of the Faroese harvested volumes in Q2 2022 went to the production of VAP products, and 43% (32%) of the harvested volumes in H1 2022 went to VAP production.

The VAP production in the Faroe Islands was 5,944 tonnes gutted weight (4,667 tgw) in Q2 2022, increasing 27% compared to Q2 2021. In H1 2022, the VAP production was 12,880 tgw (10,243 tgw).

DKK 1,000	Q2 2022	Q2 2021	Change	H1 2022	H1 2021	Change
Financial						
Total revenue	416,995	258,999	61%	835,269	558,702	50%
EBIT	-141,627	5,277		-201,704	80,264	
Operational EBIT	-108,023	5,277		-137,391	80,264	
VAP - Operational EBIT/kg (DKK)	-18.17	1.13		-10.67	7.84	
Operational EBIT margin	-26%	2%		-16%	14%	
Volumes						
Farming FO transferred to VAP (tgw)	6,318	4,917	28%	12,995	10,182	28%
VAP produced (tgw)	5,944	4,667	27%	12,880	10,243	26%
Harvested volumes used in VAP production	48%	28%		43%	32%	
Harvested volumes sold fresh/frozen	52%	72%		57%	68%	

Financial Performance

The operating revenue for the VAP segment amounted to DKK 417 million (DKK 259 million) in Q2 2022. The increase in revenue is due to higher prices and higher volumes sold in Q2 2022 compared with Q2 2021. In H1 2022, the VAP revenue was DKK 835 million (DKK 559 million).

The VAP segment had an EBIT amounting to DKK -142 million (DKK 5 million) in Q2 2022. Changes in onerous contracts were DKK -34 million (DKK 0 million) in Q2 2022. In H1 2022, the VAP segment's EBIT amounted to DKK -202 million (DKK 80 million).

Operational EBIT amounted to DKK -108 million (DKK 5 million) in Q2 2022, corresponding to an operational EBIT of DKK -18.17 (DKK 1.13) per kg gutted weight in Q2 2022, which corresponds to NOK -24.46 (NOK 1.53) per kg gutted weight. Operational EBIT/kg for H1 2022 amounted to DKK -137 million (DKK 80 million), corresponding to an operational EBIT of DKK -10.67 (DKK 7.84), which corresponds to NOK -14.30 (NOK 10.72).

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 97,610 tonnes (59,290 tonnes) of raw material to produce fishmeal and fish oil in Q2 2022. The raw material intake depends on the fishery in the North Atlantic and available species of fish. In H1 2022, Havsbrún received 175,582 tonnes (107,837 tonnes) of raw material.

The fishmeal production in Q2 2022 was 20,929 tonnes (12,780 tonnes). For H1 2022, Havsbrún produced 37,482 tonnes (23,278 tonnes) of fishmeal.

The production of fish oil in Q2 2022 was 2,109 tonnes (562 tonnes). The production of fish oil varies depending on the species of fish sourced for production and the timing of catch. For H1 2022, Havsbrún produced 5,010 tonnes (2,203 tonnes) of fish oil.

Sales of fish feed amounted to 31,242 tonnes (27,272 tonnes) in Q2 2022. The FO farming segment internally used 17,573 tonnes (18,658 tonnes) or 56% (68%). The SCT farming segment internally used 12,658 tonnes (7,758 tonnes) or 41% (28%). For H1 2022, Havsbrún sold 57,434 tonnes (50,989 tonnes).

Financial Performance

The operating revenue for the FOF segment amounted to DKK 523 million (DKK 347 million) in Q2 2022, of which DKK 422 million (DKK 296 million) represented sales to Bakkafrøst's farming segments, corresponding to 81% (85%). For H1 2022, the revenue amounted to DKK 965 million (DKK 669 million) of which DKK 735 million (DKK 543 million) represented sales to Bakkafrøst's farming segments, corresponding to 76% (81%).

Total revenue for the FOF segment in Q2 2022 was higher than the same quarter last year. The internal and external revenues are more elevated in Q2 2022 than in Q2 2021. The increase in external revenue is due to higher volumes and higher sales prices on fish feed and fishmeal in Q2 2022 compared to Q2 2021.

DKK 1,000	Q2 2022	Q2 2021	Change	H1 2022	H1 2021	Change
Financial						
Total revenue	523,115	347,017	51%	965,054	668,979	44%
EBIT	108,313	51,636	110%	191,623	92,842	106%
EBITDA	118,855	57,397	107%	205,282	105,682	94%
FOF - EBITDA margin	22.7%	16.5%		21.3%	15.8%	
Volumes (tonnes)						
Feed sold	31,243	27,272	15%	57,435	50,989	13%
- Feed internal sale FO	17,573	18,658	-6%	33,298	37,022	-10%
- Feed internal sale SCT	12,658	7,758	63%	21,956	12,607	74%
- Feed external sale	1,012	856	18%	2,181	1,360	60%
Fishmeal external sale	5,247	2,961	77%	15,044	10,167	48%
Fish oil external sale	10	13	-23%	18	19	-5%
Received raw material	97,610	59,290	65%	175,581	107,837	63%
Fishmeal production	20,929	12,780	64%	37,482	23,278	61%
Fish oil production	2,109	562	275%	5,010	2,203	127%

EBITDA was DKK 119 million (DKK 57 million) in Q2 2022, and the EBITDA margin was 22.7% (16.5%). For H1 2022, the EBITDA was DKK 205 million (DKK 106 million), and the EBITDA margin was 21.3% (15.8%).

Havsbrún sources raw pelagic fish for the fishmeal and fish oil production, which are part of the recipe to produce salmon feed.

Outlook

Market

Supply decrease of 7%

The supply of salmon decreased 6.8% in Q2 2022, compared to Q2 2021 incl. inventory movements. Without inventory movements, the supply was 2.8% lower, according to the latest estimate from Kontali Analyse.

70% higher salmon prices

Salmon spot prices were 70% higher in this quarter compared to Q2 2021. Reduced supply, exceptional high contract share in the market, general inflation on food, and continued strong demand for salmon have pushed salmon prices to an all-time high level in this quarter.

Negative growth in 2022

In H1 2022, the global supply growth of Atlantic salmon was negative at around 6%, compared to H1 2021. In H2 2022, the global supply growth is expected to be around 2%. For the full year of 2022, the supply is expected to decrease by around 1%, compared to 2021, including inventory movements, while the market supply of salmon in H1 2023 is expected to grow around 3%.

Bakkafrost has a strong focus on ensuring a well-balanced flow to the different markets to increase diversification and mitigate market risk. Bakkafrost operates in the main salmon markets, Europe, the USA, and the Far East. Since the beginning of the war in Ukraine, Bakkafrost has stopped all trading with Russia.

Farming

The strong biological performance in the Faroese farming operation seen in previous quarters has continued also in this quarter. Sea lice levels have been all-time low - the lowest in this quarter, compared to the same quarter previous 8 years. The low mortality rates have also continued in this quarter.

In Q3 2022, Bakkafrost will receive the new wellboat, Bakkafoosur. The wellboat has 7,000m³ tank capacity for seawater, 3,000m³ for freshwater and a reverse osmosis system onboard for freshwater generation. This will strengthen Bakkafrost's capabilities to maintain low biological risk in the Faroe Islands.

The expansions of the hatcheries at Glyvradal and Norðtoftir are progressing well and will start operation in Q1/23. These are important milestones to fulfill Bakkafrost's goal to build an annual smolt production capacity in the Faroe Islands of over 23 million smolts of 500g in 2026. Further operational adjustments and fine-tuning have been made in the smolt production, based on the accumulated experience with large smolt. These adjustments aim to further improve the robustness and biological performance of the large smolt.

In Scotland, there have been some challenges in one farming area, but not as severe as in previous quarters. This demonstrates, that the biological risks are still high. Bakkafrost's strategy to implement large smolt in Scotland is key to reduce the biological risk and to improve biological performance. Building hatchery capacity in Scotland is therefore the topmost priority for Bakkafrost. The ongoing expansion of the Applecross hatchery is progressing well and will reach an important milestone by the end of this year when the 4th expansion phase is expected to be completed. This enables Bakkafrost to significantly improve the quality and increase the size of the smolt. During 2023 the Applecross hatchery will ramp up production to around 8 million smolts at 250g, the full capacity will be in operation in mid-2024 with an additional 40% capacity increase.

In Q2 2022 the average weight of released smolt in Scotland was 101g, which is 32% higher than in Q2 2021.

New hatcheries in Scotland will increase the total production capacity up to around 18 million smolts of around 500g in 2026. During Q1 2022, Bakkafrost secured the land for the construction of the second large hatchery in Scotland. Depending on the final surveys, the construction of the next large hatchery is expected to commence in H2 2022.

Having large smolt in Scotland is vital to transform the farming operation and reduce the biological risk in Scotland. It will however take time for Bakkafrost to materialise as it takes time to build the necessary hatchery capacity.

In Q2 2022, Bakkafrost upscaled the freshwater treatment capacity in Scotland with the introduction of the second wellboat with freshwater treatment capacity. This more than doubled

Bakkafrost's freshwater treatment capacity in Scotland, which is an important measure to mitigating biological risk and reduce mortality.

Smolt release

Bakkafrost expects to release around 14.9 million large smolts in 2022 in the Faroe Islands and around 10.8 million smolts of around 120g in Scotland. The number and the average weight of smolts released are key elements of predicting Bakkafrost's future production.

Million smolt released	2022	2021	2020	2019	2018
FO	14.9	14.4	14.3	12.7	12.6
SCT	10.8	11.1	10.4	12.4	8.6

Harvest volumes for 2022 in the Faroe Islands are expected to reach 68,000 tonnes gutted weight and 35,000 tonnes gutted weight in Scotland, giving at a total of 103,000 tonnes gutted weight.

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

VAP (Value added products)

Bakkafrost's highly flexible value chain includes a state-of-the-art VAP factory with high capacity. This enables Bakkafrost to adapt well to the rapidly changing market situations.

Bakkafrost's long-term strategy is to sell around 40% of the harvested volumes of salmon as VAP products on contracts. The contracts are at fixed prices with a duration of between 6 to 12 months.

For 2022 Bakkafrost has signed contracts covering around 32% of the expected harvest volumes in the Faroe Islands and Scotland combined.

FOF (Fishmeal, oil and feed)

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

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

Bakkafrost expects the production volumes of fishmeal and fish oil in 2022 to be higher than in 2021.

Havsbrún's sales of fish feed in 2022 is expected to be around 130,000 tonnes.

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

Lately, the prices on vegetable raw materials have increased significantly. This affects the whole animal protein market as well as other food producers. Bakkafrost is in a relatively good competitive position due to the low inclusion of vegetable ingredients in the feed combined with low feed conversion ratio and good access to marine raw materials.

Investments

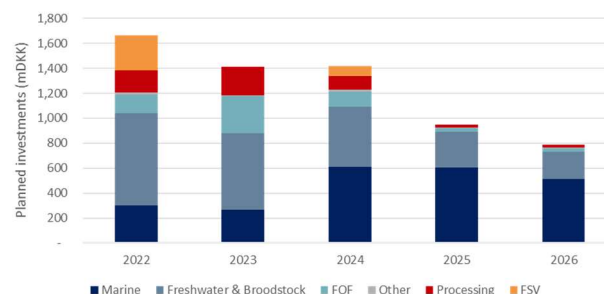
On the Capital Markets Day on 14-15 September 2021, Bakkafrost announced a 6.2bn DKK investment plan for 2022-2026. The investments will enable transformation of the operation in Scotland and provide sustainable growth in the Faroe Islands as well as Scotland.

The main purpose of the investments in Scotland is to replicate Bakkafrost's successful operation in the Faroe Islands. Bakkafrost will build 3 large energy-efficient hatcheries in Scotland, enabling the implementation of Bakkafrost's large smolt strategy and giving an annual production capacity above 18 million smolt at 500g. Having large smolt in Scotland will transform the performance, lower the biological risk and increase harvest volumes. In addition to building hatchery capacity, Bakkafrost plans to build a new processing plant to strengthen processing capabilities and Bakkafrost will also invest in more treatment vessel capacity to improve mitigation of biological risk. Further, Bakkafrost will make investments in marine site development.

The investments in the Faroe Islands include increasing annual hatchery production capacity to above 23 million smolts at 500g, investments in a broodstock facility and expansion of feed production capacity.

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

6.2bn DKK Investment programme 2022-2026



Financial

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

In March 2022, Bakkafrost finalized a new sustainability-linked 700 mEUR multicurrency revolving credit facility agreement with an additional accordion option of 150 mEUR. The facility has a tenor of five years. In combination with Bakkafrost's high equity ratio, the facility gives the necessary financial strength and flexibility for the Group's investment plans aimed at significant organic growth and structural cost reductions in Scotland. It will also enable M&A's and further organic growth opportunities as well as support an unchanged dividend policy in the future.

Risks

Biological risk has been and will be a substantial risk for Bakkafrost. The Annual Report 2021 explains 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 Note 3.

Bakkafrost is, as explained in the Annual Report 2021, exposed to the salmon price.

The Annual Report 2021 is available on request from Bakkafrost and Bakkafrost's website, www.bakkafrost.com.

Events after the Reporting Period

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

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

The Management and the Board of Directors have today considered and approved the interim report of P/F Bakkafrost for the period January 1st 2022 to June 30th 2022.

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.

Glyvrar, August 22th 2022

Management:

J. Regin Jacobsen
CEO

The Board of Directors of P/F Bakkafrost:

Rúni M. Hansen
Chairman of the Board

Annika Frederiksberg
Board Member

Øystein Sandvik
Board Member

Teitur Samuelsen
Board Member

Einar Wathne
Board Member

Guðrið Højgaard
Board Member

In our opinion, the accounting policies used are appropriate, and the interim report gives a true and fair view of the Group's financial positions on June 30th 2022, as well as the results of the Group activities and cash flows for the period January 1st 2022 to June 30th 2022.

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 2021.

Consolidated Income Statement

For the period ended June 30th 2022

DKK 1,000	Q2 2022	Q2 2021	H1 2022	H1 2021
Operating revenue	1,683,824	1,617,534	3,323,169	2,793,171
Purchase of goods	705,051	-399,307	145,784	-687,909
Change in inventory and biological assets (at cost)	-998,967	-79,924	-872,648	-87,299
Salary and personnel expenses	-186,279	-184,782	-387,513	-352,352
Other operating expenses	-485,020	-419,751	-940,596	-777,685
Depreciation	-137,112	-126,281	-273,306	-256,936
Other income	5,081	0	9,577	0
Operational EBIT*	586,578	407,489	1,004,467	630,990
Fair value adjustments of biological assets	575,911	176,486	753,249	461,108
Onerous contracts	-33,606	0	-64,315	0
Income from associates	-3,902	3,081	-557	4,398
Revenue tax	-62,838	-41,152	-120,588	-61,515
Earnings before interest and taxes (EBIT)	1,062,143	545,904	1,572,256	1,034,981
Net interest revenue	0	2,239	1,787	2,359
Net interest expenses	-9,545	-10,908	-17,249	-18,513
Net currency effects	10,266	-1,992	1,760	16,909
Other financial expenses	-5,961	-5,438	-9,812	-12,463
Earnings before taxes (EBT)	1,056,903	529,805	1,548,742	1,023,273
Taxes	-212,300	-101,678	-299,382	-187,414
Profit or loss for the period	844,603	428,127	1,249,360	835,859
Profit or loss for the year attributable to				
Non-controlling interests	-1,504	0	-1,460	0
Owners of P/F Bakkafrøst	846,107	428,127	1,250,820	835,859
Earnings per share (DKK)	14.29	7.25	21.14	14.15
Diluted earnings per share (DKK)	14.29	7.25	21.14	14.15

* 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 June 30th 2022

DKK 1,000	Q2 2022	Q2 2021	H1 2022	H1 2021
Profit for the period	844,603	428,127	1,249,360	835,859
Changes on financial derivatives	1,329	211	-3,195	2,318
Hereof income tax effect	-203	-33	1,078	-354
Reserve to share-based payment	-6,345	1,053	3,549	-536
Currency translation differences	-12,916	-4,903	-23,849	33,149
Adjustment of treasury shares	1,235	5,216	4,741	8,960
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	-16,900	1,544	-17,676	43,537
Other comprehensive income	-16,900	1,544	-17,676	43,537
Total other comprehensive income for the period	827,703	429,671	1,231,684	879,396
Comprehensive income for the period attributable to				
Non- controlling interests	-1,504	0	-1,460	0
Owners of P/F Bakkafrøst	829,207	429,671	1,233,144	879,396

Consolidated Statement of Financial Position

As on June 30th 2022

DKK 1,000	30 Jun 2022	31 Dec 2021
ASSETS		
Non-current assets		
Intangible assets	4,507,443	4,495,726
Property, plant and equipment	5,091,194	4,888,778
Right of use assets	280,234	302,105
Financial assets	139,162	149,225
Long-term receivables	0	8,102
Deferred tax assets	120,191	215,248
Total non-current assets	10,138,224	10,059,184
Current assets		
Biological assets (biomass)	3,300,603	2,448,290
Inventory	923,113	709,306
Total inventory	4,223,716	3,157,596
Accounts receivable	691,690	824,004
Other receivables	151,812	78,227
Total receivables	843,502	902,231
Cash and cash equivalents	508,193	509,157
Total current assets	5,575,411	4,568,984
TOTAL ASSETS	15,713,635	14,628,168

DKK 1,000	30 Jun 2022	31 Dec 2021
EQUITY AND LIABILITIES		
Equity		
Share capital	59,143	59,143
Other equity	10,219,538	9,288,269
Non-controlling interests	-17	133
Total equity	10,278,664	9,347,545
Non-current liabilities		
Deferred taxes and other taxes	1,798,404	1,590,034
Long-term interest-bearing debt	2,774,792	2,634,968
Long-term leasing debt	235,739	245,753
Financial derivatives	0	3,207
Total non-current liabilities	4,808,935	4,473,962
Current liabilities		
Financial derivatives	7,302	4,602
Short-term leasing debt	70,423	87,668
Accounts payable and other debt	548,311	714,391
Total current liabilities	626,036	806,661
Total liabilities	5,434,971	5,280,623
TOTAL EQUITY AND LIABILITIES	15,713,635	14,628,168

Consolidated Cash Flow Statement

For the period ended June 30th 2022

DKK 1,000	Q2 2022	Q2 2021	H1 2022	H1 2021
Earnings before interest and taxes (EBIT)	1,062,143	545,904	1,572,256	1,034,981
Adjustments for write-downs and depreciation	137,112	126,281	273,306	256,936
Adjustments for value adjustment of biomass	-575,911	-176,486	-753,249	-461,108
Adjustments for income from associates	3,902	-3,081	557	-4,398
Adjustments for currency effects	-13,772	-9,940	-22,816	22,098
Adjustments of provision for onerous contracts	33,606	0	64,315	0
Change in inventory	-216,867	-37,419	-312,871	-72,848
Change in receivables	114,724	-93,749	153,786	-79,809
Change in current debts	-2,973	180,070	-282,067	-26,918
Cash flow from operations	541,964	531,580	693,217	668,934
Cash flow from investments				
Payments for purchase of fixed assets	-283,856	-247,084	-465,066	-514,716
Net investment in financial assets	11,403	2,060	9,506	2,060
Change in long-term receivables and deferred tax assets	0	101	8,102	0
Cash flow from investments	-272,453	-244,923	-447,458	-512,656
Cash flow from financing				
Change in interest-bearing debt (short and long)	138,992	145,801	134,500	230,054
Financial income	0	2,239	0	2,359
Financial expenses	-15,509	-16,346	-25,277	-30,976
Lease payments	-27,221	-30,994	-56,753	-64,761
Net proceeds from sale of own shares	1,336	7,790	4,802	8,960
Dividend paid	-303,995	-215,872	-303,995	-215,872
Cash flow from financing	-206,397	-107,382	-246,723	-70,236
Net change in cash and cash equivalents in period	63,114	179,275	-964	86,042
Cash and cash equivalents – opening balance	445,079	373,706	509,157	466,939
Cash and cash equivalents – closing balance total	508,193	552,981	508,193	552,981

Consolidated Statement of Changes in Equity

As on June 30th 2022

DKK 1,000	Share Capital	Share Premium Reserve	Treasury Shares	Share-based Payment	Currency translation differences	Derivatives	Proposed Dividend	Biomass Fair value adjustments	Retained Earnings	Non controlling interest	Total Equity
Equity 01.01.2022	59,143	4,027,375	-26,767	7,799	46,232	-3,873	303,995	604,707	4,328,801	133	9,347,545
Consolidated profit	0	0	0	0	0	0	0	753,249	498,429	-1,460	1,250,218
Changes in financial derivatives	0	0	0	0	0	-3,195	0	0	0	0	-3,195
Hereof income tax effect	0	0	0	0	0	1,078	0	0	0	0	1,078
Share-based payment	0	0	0	3,549	0	0	0	0	0	0	3,549
Currency translation differences	0	0	0	0	-23,849	0	0	0	0	0	-23,849
Total other comprehensive income	0	0	0	3,549	-23,849	-2,117	0	0	0	0	-22,417
Total comprehensive income	0	0	0	3,549	-23,849	-2,117	0	753,249	498,429	-1,460	1,227,801
Treasury shares	0	0	4,741	0	0	0	0	0	0	0	4,741
Addition of non-controlling interests	0	0	0	0	0	0	0	0	0	2,572	2,572
Paid-out dividend	0	0	0	0	0	0	-303,995	0	0	0	-303,995
Proposed dividend	0	0	0	0	0	0	0	0	0	0	0
Total transaction with owners	0	0	4,741	0	0	0	-303,995	0	0	2,572	-296,682
Total changes in equity	0	0	4,741	3,549	-23,849	-2,117	-303,995	753,249	498,429	1,112	931,119
Total equity 30.06.2022	59,143	4,027,375	-22,026	11,348	22,383	-5,990	0	1,357,956	4,827,230	1,245	10,278,664
Equity 01.01.2021	59,143	4,027,375	-37,672	6,229	34,545	-14,829	215,872	145,387	4,293,437	0	8,729,487
Consolidated profit	0	0	0	0	0	0	0	434,868	529,185	-17	964,036
Change in tax rate on equity posted PPA in prior years	0	0	0	0	0	0	0	0	-193,574	0	-193,574
Changes in financial derivatives	0	0	0	0	0	12,928	0	0	0	0	12,928
Hereof income tax effect	0	0	0	0	0	-1,972	0	0	0	0	-1,972
Share-based payment	0	0	0	1,570	0	0	0	0	0	0	1,570
Currency translation differences	0	0	0	0	36,139	0	0	0	0	0	36,139
Reclassification between funds	0	0	0	0	-24,452	0	0	24,452	0	0	0
Total other comprehensive income	0	0	0	1,570	11,687	10,956	0	24,452	-193,574	0	-144,909
Total comprehensive income	0	0	0	1,570	11,687	10,956	0	459,320	335,611	-17	819,127
Treasury shares	0	0	10,905	0	0	0	0	0	3,748	0	14,653
Addition of non-controlling interests	0	0	0	0	0	0	0	0	0	150	150
Paid-out dividend	0	0	0	0	0	0	-215,872	0	0	0	-215,872
Proposed dividend	0	0	0	0	0	0	303,995	0	-303,995	0	0
Total transaction with owners	0	0	10,905	0	0	0	88,123	0	-300,247	150	-201,069
Total changes in equity	0	0	10,905	1,570	11,687	10,956	88,123	459,320	35,364	133	618,058
Total equity 31.12.2021	59,143	4,027,375	-26,767	7,799	46,232	-3,873	303,995	604,707	4,328,801	133	9,347,545

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 2021 is available at www.bakkafrost.com or upon request from the company's registered office at Bakkavegur 9, FO-625 Glyvrrar, Faroe Islands.

This Condensed Consolidated Interim Report is presented in DKK.

Note 1. Statement of Compliance

This Condensed Consolidated Interim Report is 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 of December 31st 2021.

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 used in the Annual Report for the year ended December 31st 2021.

Note 3. Estimates and Risk Exposures

The preparation of financial statements is in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting principles and recognised amounts of assets, liabilities, income and expenses. The most significant estimates relate to the valuation of the fair value of biological assets. 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.

Bakkafrost has made no significant changes in the estimates for these interim financial statements compared with the annual financial statements.

Descriptions of the accounting estimates are in the notes to the financial statements in the Annual Report 2021.

Note 4. Biological Assets

	30-Jun 2022	30 Jun 2021	31 Dec 2021
Biological assets carrying amount 01.01.	2,448,289	2,117,024	2,117,024
Increase due to production or purchases	1,721,390	1,423,107	3,158,703
Reduction due to harvesting or sale (costs of goods sold)	-1,487,336	-1,498,193	-2,931,526
Reduction due to mortality (costs of incidents-based mortality *)	-80,831	-14,664	-307,551
Fair value adjustment at the beginning of the period reversed	-604,707	-145,387	-145,387
Fair value reclassification currency translation differences prior year	0	-24,452	-24,452
Fair value adjustment at the end of the period	1,357,956	630,947	604,707
Reversal of elimination at the beginning of the period	134,193	80,083	80,083
Eliminations	-152,381	-83,711	-134,193
Currency translation differences	-35,970	4,456	30,881
Biological assets carrying amount at the end of the period	3,300,603	2,489,210	2,448,289
Cost price biological assets	2,130,998	1,937,518	1,946,894
Fair value adjustment at the end of the period	1,357,956	630,947	604,707
Eliminations	-152,381	-83,711	-134,193
Currency translation differences	-35,970	4,456	30,881
Biological assets carrying amount	3,300,603	2,489,210	2,448,289
Biomass (tonnes)			
< 1 kg	4,432	4,657	5,070
1 kg < 2 kg	7,377	10,170	7,673
2 kg < 3 kg	14,523	13,311	10,026
3 kg < 4 kg	9,809	16,434	13,538
4 kg <	17,395	12,087	22,288
Volume of biomass at sea (tonnes)	53,536	56,659	58,595
*)	Q2	Q2	YTD
* Costs of incident-based mortality per segment:	2022	2021	2022
Faroe Islands	0	0	0
Scotland	-57,037	-6,614	-80,831
	-57,037	-6,614	-80,831

	30-Jun 2,022	30 Jun 2021	31 Dec 2021
Number of fish (thousand)			
< 1 kg	9,271	9,000	9,770
1 kg < 2 kg	4,835	6,541	5,255
2 kg < 3 kg	5,934	5,483	3,873
3 kg < 4 kg	2,829	4,686	3,920
4 kg <	3,600	2,543	4,595
Total number of fish at sea (thousand)	26,469	28,253	27,413
Number of smolt released YTD (thousand)			
Farming North	1,282	2,156	6,078
Farming West	2,769	1,575	5,719
Farming South	1,277	1,850	2,630
Farming Scotland	5,075	3,696	11,108
Total number of smolts released YTD (thousand)	10,403	9,277	25,535
Sensitivity in DKK 1,000			
Change in discount rate +1%	-186,703	-135,387	-150,709
Change in discount rate -1%	206,909	148,594	167,502
Change in sales price +5 DKK	417,432	455,633	423,223
Change in sales price -5 DKK	-417,392	-455,633	-423,223
Change in biomass volume +1%	17,853	9,766	8,982
Change in biomass volume -1%	-17,853	-9,766	-8,982
One-year forward prices in EUR FCA Oslo**			
Period end	9.99	5.79	6.72
1 Q (forward)	8.02	5.48	6.86
2 Q (forward)	7.60	5.98	6.81
3 Q (forward)	8.23	6.22	5.66
4 Q (forward)	8.23	6.35	6.15

Note 5. Segments

Farming - FO	Q2	Q2	H1	H1
DKK 1,000	2022	2021	2022	2021
External revenue	699,352	743,551	1,556,586	1,217,102
Internal revenue	440,579	217,816	781,845	389,375
Total revenue	1,139,931	961,367	2,338,431	1,606,477
Operating expenses	-448,078	-547,922	-1,105,548	-982,603
Depreciation and amortization	-74,839	-70,276	-144,494	-137,414
Operational EBIT	617,014	343,169	1,088,389	486,460
Fair value adjustments of biological assets	304,643	107,156	366,188	425,416
Income from associates	135	0	135	0
Revenue tax	-62,838	-41,152	-120,588	-60,442
Earnings before interest and taxes (EBIT)	858,954	409,173	1,334,124	851,434
Net financial items	-33,533	-12,628	-38,856	-3,304
Earnings before taxes (EBT)	825,421	396,545	1,295,268	848,130
Taxes	-139,881	-77,288	-240,602	-158,207
Profit or loss for the period	685,540	319,257	1,054,666	689,923

Farming - SCT	Q2	Q2	H1	H1
DKK 1,000	2022	2021	2022	2021
External revenue	466,566	558,859	701,238	881,013
Total revenue	466,566	558,859	701,238	881,013
Operating expenses	-382,856	-463,764	-619,501	-742,005
Depreciation and amortization	-50,837	-42,228	-105,967	-93,447
Other income	8,052	0	12,549	0
Operational EBIT	40,925	52,867	-11,681	45,561
Fair value adjustments of biological assets	271,268	69,330	387,061	35,692
Earnings before interest and taxes (EBIT)	312,193	122,197	375,380	81,253
Net financial items	36,078	899	27,498	-10,759
Earnings before taxes (EBT)	348,271	123,096	402,878	70,494
Taxes	-93,235	-23,056	-86,122	-11,040
Profit for the period	255,036	100,040	316,756	59,454

Value added products	Q2	Q2	H1	H1
DKK 1,000	2022	2021	2022	2020
External revenue	416,995	258,999	835,269	558,702
Internal purchase of raw material	-440,579	-217,816	-781,845	-389,375
Operating expenses	-79,508	-30,971	-180,937	-79,153
Depreciation and amortization	-4,931	-4,935	-9,878	-9,910
Operational EBIT	-108,023	5,277	-137,391	80,264
Provision of onerous contracts	-33,604	0	-64,313	0
Earnings before interest and taxes (EBIT)	-141,627	5,277	-201,704	80,264
Net financial items	-280	-138	-699	-454
Earnings before taxes (EBT)	-141,907	5,139	-202,403	79,810
Taxes	25,290	-925	36,117	-14,367
Profit or loss for the period	-116,617	4,214	-166,286	65,443

Fishmeal, Fish Oil and Fish Feed	Q2	Q2	H1	H1
DKK 1,000	2022	2021	2022	2020
External revenue	100,911	50,887	230,076	125,757
Internal revenue	422,204	296,130	734,978	543,222
Total revenue	523,115	347,017	965,054	668,979
Cost of goods sold	-329,682	-249,249	-608,342	-484,773
Operating expenses	-74,578	-40,371	-151,430	-78,524
Depreciation and amortization	-6,505	-8,842	-12,967	-17,238
Operational EBIT	112,350	48,555	192,315	88,444
Income from associates	-4,037	3,081	-692	4,398
Earnings before interest and taxes (EBIT)	108,313	51,636	191,623	92,842
Net financial items	-7,508	-4,232	-11,460	2,806
Earnings before taxes (EBT)	100,805	47,404	180,163	95,648
Taxes	-18,145	-8,533	-31,711	-17,216
Profit or loss for the period	82,660	38,871	148,452	78,432

Reconciliation of reportable segments to Group earnings before taxes (EBT)	Q2	Q2	H1	H1
DKK 1,000	2022	2021	2022	2020
Farming Faroe Islands	825,421	396,545	1,295,268	848,130
Farming Scotland	348,271	123,096	402,878	70,494
VAP (Value added products)	-141,907	5,139	-202,403	79,810
FOF (Fishmeal, Fish oil and fish Feed)	100,805	47,404	180,163	95,648
Eliminations	-75,688	-42,379	-127,165	-70,809
Group earnings before taxes (EBT)	1,056,902	529,805	1,548,741	1,023,273

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 796 million, which relate to the FOF segment and 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 2021 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 categorised 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 recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (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 of June 30th 2022, the Group held the following classes of assets/liabilities measured at fair value:

DKK 1,000		Cost			
Assets and liabilities measured at fair value	Fair value	amount	Level 1	Level 2	Level 3
Biological assets (biomass)	3,300,603	1,942,647	0	0	3,300,603
Assets measured at fair value 30/6-2022	3,300,603	1,942,647	0	0	3,300,603
Liabilities measured at fair value 30/6-2022	0	0	0	0	0
Biological assets (biomass)	2,448,289	1,843,582	0	0	2,448,289
Assets measured at fair value 31/12-2021	2,448,289	1,843,582	0	0	2,448,289
Liabilities measured at fair value 31/12-2021	0	0	0	0	0

Note 9. Business Combinations

There were no new business combinations in 2021.

In a transaction closed on January 1st 2022, Bakkafrøst acquired 90% of the shares in Munkebo Seafood A/S. The deal was jointly made with Michael Karlsen, the General Manager of Munkebo Seafood, for many years. The shares were acquired from Paul Lybech, who has been engaged with Munkebo Seafood for almost 25 years. Following the transaction, Michael Karlsen holds 10% of the shares in Munkebo Seafood A/S, while Bakkafrøst holds 90%.

Munkebo Seafood A/S has, since its formation in 1974, been engaged in the production of canned fish at the factory in Munkebo in Denmark. Today, the company operates a modern canning facility and offers a wide range of products, of which a more significant share is based on salmon. Bakkafrøst has been one of the largest suppliers of raw materials for Munkebo Seafood for the past few years, making Munkebo Seafood a significant extension of Bakkafrøst's value chain. With a planned increase in production of salmon over the coming years, from Bakkafrøst's farms in the Faroe Islands and Scotland, Munkebo

Seafood will have a strengthened raw material base, and Bakkafrøst will strengthen the ability to increase further the value derived from its salmon by-products.

The operations of Munkebo Seafood will remain unchanged. Munkebo Seafood has around 40 employees, and the products are currently sold mainly within the EU market to retail customers. The key employees of Munkebo AS will continue.

There is considerable spare production capacity for future growth within the current facility.

With the acquisition of Munkebo Seafood, Bakkafrøst can now offer a broader range of products. Bakkafrøst offers fresh, frozen, and smoked salmon products, and now canned food is added. Bakkafrøst has a global sales network, and Munkebo Seafood's products will now be offered on a broader market as a supplement to Bakkafrøst's other consumer packaged products.

The fair value of intangible assets has been determined on an estimated fair value. Fair value has been identified in customer relationships employing generally accepted valuation techniques. The market value of the customer relationship is measured at DKK 9.7 million.

The fair value of property, plant and equipment has been determined based on a 3rd party valuation.

The fair value of receivables has been determined based on an estimate of an age-distributed debtor list and historical figures on doubtful debtors.

The fair value of the inventory has been determined based on inventory lists, historical sales data, and subtraction of obsolete goods.

DKK 1,000	Book value 31/12/2021	Fair value adjustments	Fair value
Goodwill	0	9,726	9,726
Intangible assets	600	0	600
Property, plant and equipment - incl. IFRS 16	13,106	0	13,106
Accounts receivables	11,310	0	11,310
Inventories	21,264	0	21,264
Other current assets, excluding cash and bank	2,739	0	2,739
Total assets	49,019	9,726	58,745
Deferred taxes and other taxes	1,511	1,754	3,265
Long-term liabilities, interest-bearing	8,797	0	8,797
Accounts payable	17,634	0	17,634
Other payable	3,660	0	3,660
Liabilities	31,602	1,754	33,356
Net assets	17,417	7,972	25,389

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 Jun	31 Dec
DKK 1,000	2022	2021
Cash and cash equivalents	508,193	466,939
Long- and short term interest bearing debt	-2,774,792	-2,219,690
Net interest-bearing debt	-2,266,599	-1,752,751

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	2022	2021	2022	2021
EBIT	1,062,143	545,904	1,572,256	1,034,981
Fair value adjustments of biological assets	-575,911	-176,486	-753,249	-461,108
Onerous contracts	33,606	0	64,315	0
Income from associates	3,902	-3,081	557	-4,398
Revenue tax	62,838	41,152	120,588	61,515
Operational EBIT	586,578	407,489	1,004,467	630,990

Operational EBIT per kg

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

EBITDA

Earnings before interest, tax, depreciations, and amortisations (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 amortisation 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.

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	2022	2021	2022	2021
Group -Operational EBIT	586,578	407,489	1,004,467	630,990
Average Capital Employed	14,503,222	13,242,586	14,454,553	12,953,506
ROCE	4.0%	3.1%	6.9%	4.9%

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	2022	2021	2022	2021
Profit for the period to the shareholders of P/F Bakkafrøst	844,603	428,127	1,249,360	835,859
Fair value adjustment of biomass	-575,911	-176,486	-753,249	-461,108
Onerous contracts provisions	33,606	0	64,315	0
Tax on fair value adjustment and onerous contracts provisions	97,615	31,767	124,008	82,999
Adjusted profit for the period to shareholders of P/F Bakkafrøst	399,913	283,408	684,434	457,750
Time-weighted average number of shares outstanding through the period	59,085,999	59,057,333	59,085,999	59,057,333
Adjusted earnings per share (before fair value adjustment of biomass and provisions for onerous contracts) (adjusted EPS)	6.77	4.80	11.58	7.75

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