BAKKAFROST

ESTABLISHED 1968

INTEGRATED ANNUAL REPORT

2024

www.bakkafrost.com

Content

Financial Statements and Notes

Financial Statements

Letter to our shareholders

OUR VALUES
Our shared values, which form the foundation of Bakkafrost, are deeply rooted in our heritage. Everything we do should uphold these values. Every employee has a collective responsibility to ensure these values are reflected in all our activity. Our name and our logo remind us of these roots and values.

Every day, we strive to supply the world with healthy food and improve the lives of many people.

2024 has been a year of strong biological performance and strategic execution for Bakkafrost. While we faced external challenges, including market volatility and a general strike, we continued to strengthen our operational foundation, ensuring sustainable long-term growth. Effective risk mitigation strategies and investments in our value chain have positioned us well for the future.

Our financial performance was solid, with total revenues reaching DKK 7.3 billion and an operational EBIT of DKK 1.55 billion. We harvested 90.7 thousand tonnes of salmon, a 24% increase from 2023. The Faroese operations continued their strong trajectory with high harvest weights, strong growth and biological performance. In Scotland, our de-risking strategy has led to significant improvements, with reduced mortality rates, contributing to the highest full-year EBITDA since the acquisition.

The transition to large, high-quality smolt remains a core pillar of our strategy for Scotland. In the Faroe Islands, we transferred 17.1 million high-quality smolts in 2024, with an average weight of 410g. The Scottish freshwater operation is ramping up, with Applecross now delivering smolts above 200g, a crucial step in transforming our Scottish farming operations. This shift will significantly reduce biological risk, improve fish health, reduce production cycles, and enhance overall biological performance.

MARKET AND INDUSTRY DYNAMICS
The global salmon market experienced mixed conditions in 2024. While demand remained strong, particularly in China and in the US, increased supply from Europe placed pressure on prices in the second half of the year. Bakkafrost's high-quality products achieved a solid premium, reinforcing our strategic focus on producing large, superior quality fish.

The European market saw a notable increase in supply, which contributed to a downward pressure on salmon prices, particularly in the latter half of the year. The US market demonstrated resilience despite increasing price sensitivity in some market segments, while demand in China continued its steady upward trajectory. With FarCargo, we have significantly strengthened our logistical capabilities to the US and China. Our market share in these markets have also increased.

SUSTAINABILITY AND ESG COMMITMENT
Bakkafrost is committed to the United Nations' Global Compact principles, and we will continue to work collaboratively with the business community in the Faroe Islands and Scotland to support the overall contribution to the UN Sustainable Development Goals (SDGs). As one of the largest contributors to the Faroese economy, we take our responsibility seriously and take a leading role. This includes increased local stakeholder engagement in specific areas, including our approach to environmental management in the fjords.

We remain committed to sustainable growth and reducing our environmental impact. Our ambitious goal to cut Scope 1 and 2 emissions by 50% and Scope 3 emissions by 52% per sold product by 2030 remains a priority. In 2024, we continued our partnership with EFFO to advance the development of a new wind farm, which will provide renewable energy for our fishmeal, oil and feed plant. Additionally, we achieved record-low sea lice levels across both the Faroe Islands and Scotland, demonstrating the effectiveness of our dual-freshwater treatment strategies, while ensuring fish welfare and safeguarding the marine environment.

OPERATIONAL PERFORMANCE

Fishmeal, oil and feed
In 2024, the Fishmeal, oil and feed segment recorded record-high feed sales of 140 thousand tonnes, despite lower marine raw material sourcing (310 thousand tonnes) compared to the record levels of 2023. The general strike in the Faroe Islands in May and June significantly impacted raw material sourcing, delaying production and leading to lower external sales of fishmeal and fish oil. However, lower raw material costs are expected to support reduced farming costs in 2025. Additionally, the ongoing expansion of our feed plant is progressing well, enhancing our capacity to support increasing demand for high-quality feed and ensuring future scalability.

Freshwater (Faroe Islands)
Our Faroese freshwater operations have continued to improve, setting new production records for large, high-quality smolt. With increased capacity utilization and strong operational efficiency, we successfully transferred 17.1 million smolts at an average weight of 410g. This ensures the continued supply of robust smolt to our farming sites, reducing biological risks and providing volume growth. A significant investment in this segment is the construction of the Skálavík hatchery, which remains on track and will significantly expand our smolt production capacity upon completion, further strengthening our biological performance and long-term operational resilience.

Farming (Faroe Islands)
Our Faroese operations delivered another year of strong biological performance. Harvest weights have increased significantly from 2023, reaching an average of 5.3kg gutted weight. A driver for this positive development is the introduction of our new farming service vessel, Bakkafossur, which has revolutionised our ability to manage sea lice effectively and administer treatments to even larger fish while maintaining excellent fish welfare. As a result, sea lice levels were historically low. However, the ISA outbreak detected in two pens at the A-19 farming site in May required an early harvest of the entire site, reducing the total harvest volume and affecting achieved market prices negatively. The situation was effectively contained, preventing further spread to any other pens or farming sites, demonstrating the robustness of our biosecurity measures.

Freshwater (Scotland)
The transition to producing large, high-quality smolt at Applecross has begun in earnest. Despite initial delays in ramping up the facility, we are now seeing steady progress, with the first batches of smolt above 200g transferred in Q4 2024. Going forward, the average weight of all smolt stocked in Scotland will be above this threshold, marking a fundamental shift in our Scottish farming operations and supporting long-term biological improvements and growth opportunities.

Farming (Scotland)
2024 marked significant progress in stabilizing our Scottish operations. While the biological performance in Scotland was significantly stronger than in previous years, it still lags behind the robustness seen in the Faroe Islands. Our de-risking strategy, which focused on harvesting a higher volume share in H1 to mitigate Q3 risks, has proven effective. Mortality rates have decreased significantly, and biological performance is improving. Like in the Faroe Islands, sea lice levels are at record lows due to the dual-freshwater treatment capabilities in Scotland.

The transition to large, high-quality smolt in Scotland is now well underway, with Applecross supplying high-quality smolt above 200g. During 2025, most of our old "legacy" fish in the marine sites will be replaced with large-high-quality smolt from Applecross, which is expected to reduce biological risk significantly, most notably from 2026 and onwards.

Additionally, we have implemented several cost-cutting measures in Scotland to align operational expenses with production volumes. These initiatives include closing the Marybank processing facility, reducing overhead costs, and optimizing service vessel usage. These efficiency improvements are crucial for the long-term profitability of our Scottish operations.

Services
The services segment played a crucial role in improving operational efficiency in 2024. The introduction of Bakkafossur has been a game-changer for our marine farming operation, enabling gentler sea lice treatments, significantly increasing harvest weights, and better fish welfare with reduced mortality rates.

Sales & Other
Our Sales & Other segment had a year of adaptation in response to volatile market conditions. Following the changed revenue tax in the Faroe Islands in 2023, we adjusted our contract strategy reducing contract exposure in 2024. In H1 2024, this was beneficial for Bakkafrost, while being a downside in H2. Demand for high-quality salmon remained stable, and we continue to optimize our value-added processing capabilities to ensure efficiency and flexibility in responding to changing market dynamics.

OUTLOOK

The global supply growth for salmon in 2025 is expected to be around 6%, with 6% supply growth in H1 and also 6% in H2. Combined with improved biological performance in Norway, this could exert some downward pressure on prices in H1 and reduce price volatility during the year.

Long-term global supply is expected to remain constrained, and salmon prices are anticipated to stay elevated for an extended period. The demand for high-quality salmon is strong, and Bakkafrost's ability to produce large, superior-quality salmon positions us well for the coming years.

In the fishmeal, oil, and feed segment, 2025 is forecasted to be a strong year. Production volumes of fishmeal and fish oil are contingent on the availability of raw materials. The ICES 2025 recommendation for blue whiting is 1,447 thousand tonnes, which represents a 5.4% decrease from the recommendation for 2024. In 2025 Bakkafrost expects similar production volumes of fishmeal and fish oil as in 2024. The feed production is expected to increase to 150,000 tonnes. Close to all of this will be sold internally to Bakkafrost's Faroese and Scottish Farming segments.

Bakkafrost has planned a release of approximately 18.5 million smolts of around 430g in the Faroe Islands in 2024. In Scotland, the smolt release is expected to total around 10 million, with an average weight exceeding 200g. The quantity and average weight of released smolts are crucial for forecasting Bakkafrost's future production.

For 2025, Bakkafrost anticipates a harvest of approximately 77,000 tonnes gutted weight in the Faroe Islands and 20,000 tonnes gutted weight in Scotland, totalling around 97,000 tonnes gutted weight. Approximately 61% of Scotland's harvest is scheduled for the first half of the year, with 45% in the Faroe Islands.

It's important to note that biological, environmental, and market conditions may influence the anticipated harvest and smolt release outcomes.

INVESTMENTS

On the Capital Markets Day on 6 June 2023, Bakkafrost announced a 6.3bn DKK investment plan for 2024-2028. The investments will enable a 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. A part of this is to implement Bakkafrost's large smolt strategy in Scotland, which is achieved through building sufficient and energy-efficient hatchery capacity. The 2024-2028 investment plan includes projects to build hatchery capacity to produce above 15 million large smolts annually. Having large high-quality smolt in Scotland will transform the performance, lower the biological risk and increase harvest volumes. In addition to building hatchery capacity, Bakkafrost plans to strengthen the processing capabilities and increase flexibility in operation. Bakkafrost will also invest in more service vessel capacity to improve the mitigation of biological risk and improve the cost of operation. Further, Bakkafrost will make investments in marine site development.

The investments in the Faroe Islands include increasing annual hatchery production capacity to around 24 million smolts at 500g, cost-efficient repurposing of old hatcheries into broodstock operation, expansion of feed production capacity and obtaining growth through optimization of existing sites and new technology.

With the investment plan, Bakkafrost expects to sustainably grow the total annual harvest volumes to 165,000 tonnes in 2028. Over the same period, the total annual production capacity in Bakkafrost's value chain will reach 200,000 tonnes gutted weight.

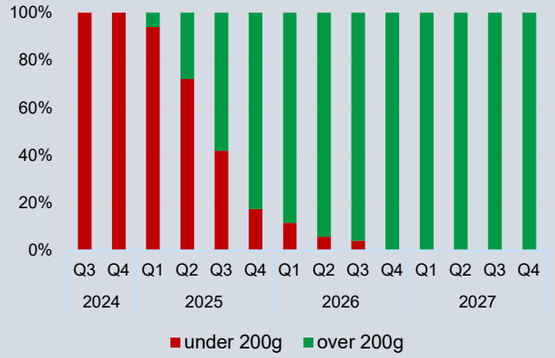
Since the announcement of the 2024-2028 investment plan, Bakkafrost has decided to change the priority of some of the investment projects in Scotland, including the second planned hatchery and new processing facility. Consequently, the capex spend in 2024 and 2025 were reduced with around 800 mDKK in total, compared to the investment levels announced in the 2024-2028 investment plan.

BAKKAFROST WILL HOST THE NEXT CAPITAL MARKETS DAY ON 17-18 JUNE 2025 IN THE FAROE ISLANDS.

Million smolt transferred

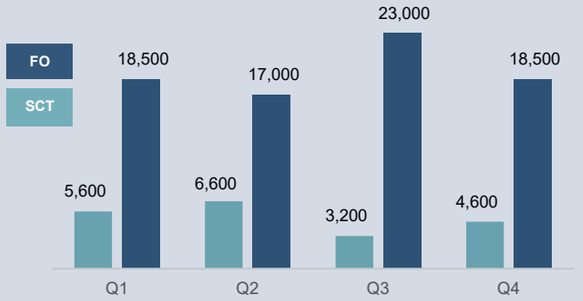
	'25e	'24	'23	'22	'21	'20
FO	18.5	17.1	14.2	14.4	14.4	14.7
SCT	10.0	6.0	9.0	11.0	11.1	10.4
Avg. weight (g)						
FO	430	410	396	345	376	320
SCT	200	109	117	107	95	88

Scotland: Replacing legacy fish at marine sites with large high-quality smolt



Harvest plan 2025

Harvest (tgw)	Faroe Islands	Scotland	Total
2025 plan	77,000	20,000	97,000



FINANCIAL

The global salmon product market's long-term balance is likely to favour Bakkafrost. Bakkafrost has a long value chain and a cost-efficient production of high-quality salmon products, and it will likely maintain financial flexibility going forward.

In March 2022, Bakkafrost secured a 700 mEUR sustainability-linked credit facility (expandable by 150 mEUR) with a 5-year term and 2-year extension options, which have been exercised. This facility, along with Bakkafrost's strong equity ratio, bolsters the Group's financial strength for organic growth and cost reduction in Scotland. It also facilitates M&A and future organic growth opportunities and upholds an unchanged dividend policy.

RETURN TO SHAREHOLDERS

The Board of Directors will propose a dividend of DKK 8.44 per share at the Annual General Meeting convened on 30 April 2025. This corresponds to a total dividend of mDKK 501 million.

THANK YOU TO OUR EMPLOYEES

On behalf of the Board of Directors and Management, I would like to thank all employees in the Bakkafrost Group for their commitment and hard work in 2024.

About Bakkafrost

BAKKAFROST
Leading Producer of Superior Quality Salmon from the Faroe Islands and Scotland

Established: 1968
Headquarters: Glyvrar, Faroe Islands
Employees: Approximately 1,600 full-time employees across the Group
Markets Served: 40+ countries
Listed on: Oslo Børs with ticker code BAKKA
LEI: 2138007LH7OP4V112978
Parent company: Bakkafrost P/F, Faroese registration number 1724

LEGEND TO MAP SYMBOLS

FISHMEAL
BROODSTOCK
HARVESTING
FSV (FARMING SERVICE VESSELS)
FISH OIL
HATCHERIES
PROCESSING
PACKAGING
FISH FEED
FARMING
SALES/LOGISTICS
BIOGAS

About Bakkafrost

LEGEND TO MAP SYMBOLS

- FISHMEAL/OIL & FEED FACTORY
- HATCHERIES
- FARMING SITES
- BROODSTOCK
- HARVEST FACTORIES
- PROCESSING PLANT
- PACKAGING FACTORY
- HEADQUARTERS
- OFFICES
- BIOGAS
- CONSTRUCTION/EXPANSION

Key Figures

Operating Revenue

7,334 mDKK

(2023: 7,141)

Harvest Volumes

TGW

90,657

(2023: 73,006)

Greenhouse gas Intensity

Group
Scope 1,2 &3
From 2020 (baseline) to 2024

15% Per Tonne of Product Sold (2023: -14%)

0% Per Tonne of Products Produced (2023: -22%)

Operational EBIT

1,550 mDKK

(2023: 1,544)

Earnings

per share adjusted

16.87 DKK

(2023: 17.45)

Salaries

882 mDKK

(2023: 862)

Equity Ratio

63%

(2023: 61%)

Employees

1,567

(2023: 1,686)
Group FTE: 76% Male 24% Female

Survival Rate

93.40 % Faroe Islands (2023: 92.7%)

84.73% Scotland (2023: 79.4%)

Lost Time Injury Rate

LTIR per million working hours

12.9

(2023: 14.0)

Feed Conversion Ratio

1.11 Faroe Islands (2023: 1.096)

1.21 Scotland (2023: 1.18)

Antibiotic use

0 Faroe Islands (2023: 0)

0* Scotland (2023: 0)

*For freshwater see page 216

Escapes

Number of fish

2 Faroe Islands 1 incident (2023: 251,344)

301 Scotland 2 incidents (2023: 0)

Business model

Bakkafrost is the most vertically integrated salmon farming company in the world, which gives Bakkafrost full control and responsibility over all aspects of production. This enables Bakkafrost to have optimal control over the quality of its salmon and the costs of production.

General Information

Bakkafrost is the leading producer of superior-quality salmon from the Faroe Islands and Scotland, offering a wide range of healthy and nutritious salmon products from its own facilities.

Bakkafrost has a unique business model. The company controls everything from producing fishmeal, fish oil, and fish feed to selling and marketing finished VAP (value-added products). Control over key parts of the value chain is crucial for ensuring availability, traceability, and managing the daily product flow.

Bakkafrost's business activities are grouped into feed-related activities, human food-related activities, services, biogas-related activities, and logistics. The biggest share of Bakkafrost's revenue is generated from the sales of salmon and sales of fish meal. The volumes can fluctuate depending on the available sourcing from the fishery industry in the Faroes.

Changes in the products offered in the reporting period include airline transportation, due to FarCargo commencing operations in early 2024.

Bakkafrost is the biggest private employer in the Faroe Islands and among the important employers in the rural regions of Scotland. Bakkafrost has experienced significant growth in the last 10 years, and in 2024, Bakkafrost employed 1,567[1] FTE's.

Bakkafrost is a significant contributor to the Faroese economy and plays a vital role in value creation in rural Scotland. In 2024, Bakkafrost's operating revenue amounted to 7,334 mDKK.

Sustainable growth

Despite our ambitious growth plans for the coming years, sustainability remains a core priority for Bakkafrost. We have set ambitious strategic sustainability goals, outlined in our Healthy Living Plan, which can be found in the 'Strategy & Corporate Governance' section.

[1] Employees per country can be found in S1-6 on page 157

Bakkafrost is well-positioned to benefit from the transition to a low-carbon, green economy. As a company primarily operating in the food sector, we recognize the growing global demand for protein driven by rapid population growth. This demand places increasing pressure on the planet, making the shift to low-carbon, circular food systems essential to enhance protein production while minimizing environmental impact.

The World Resources Institute has identified improving aquaculture productivity and environmental performance as a key solution to meeting the rising demand for nutritious protein (Creating a Sustainable Food Future, 2018). Farmed salmon is among the most resource-efficient animal proteins, with a low carbon footprint, minimal water and land use, efficient feed conversion, and a high edible yield (Global Salmon Initiative). While there is always room for improvement, our assessments confirm that Bakkafrost's products align with both our strategic business objectives and sustainability commitments.

In 2023, Bakkafrost announced a new 5-year 6.3BN DKK investment programme, which aims to increase the capacity to around 200,000 tonnes of salmon by 2028 and enable a total annual harvest volume of 165,000 tonnes (head-on gutted weight). The main challenge ahead in terms of ensuring sustainable business conduct in the future is implementing investment plans while decoupling the growth from the environmental impact, including the decoupling of carbon emissions. Bakkafrost is dedicated to solving this through ongoing research and development and allocating necessary resources to support measures to avoid negative impacts and facilitate positive impacts. Drivers of this development include securing financing linked to sustainability key performance indicators as well as increasing the budget available for implementing sustainable solutions in the value chain. For example, 355 mDKK have been allocated to green transition in Bakkafrost's investment plan.

Governance Regulation and Compliance

Complying with regional and international standards is critical for sustainable growth. Bakkafrost strictly adheres to all relevant legislation in the areas in which we operate and is committed to going beyond compliance, including leadership on issues at a national and international level.

Bakkafrost's business relies heavily on the natural capital in the Faroe Islands and Scotland. We work with the relevant environment agencies and comply with aquaculture legislation at each stage of the value chain. Compliance, leadership and transparency are fundamental, and we are committed to zero cases of non-compliance.

We go beyond compliance by voluntarily adhering to international standards, including ASC and Best Aquaculture Practices (BAP), to raise the bar for the industry in sustainability. In 2022 we were part of a working group under Vakstrarforum, a strategic think-tank established by the Faroese government. Its aim was to develop a strategy for sustainable growth for the Faroese economy. The Faroese Prime Minister initiated the project with the aim to engage local business leaders and to identify the growth opportunities of our small nation, in balance with environmental and sustainable development. In 2024, we also engaged with political parties in the Faroe Islands to update on our operation, discuss the impacts of regulations, and discuss sustainability. We have discussed the changes to the Faroese revenue tax and how this would potentially impact the industry.

Regulation and licenses

Bakkafrost relies on salmon farming licenses in the Faroes Islands and Scotland. In the Faroe Islands salmon farming licenses are given as rolling licenses for 12 years. The license gives an exclusive right to use a larger area, typically a whole fjord. There is no limit to the biomass allowed, however production plans must be approved by the authorities before releasing smolt into the sites and production plan approval relies on historic performance with KPI's related to fish welfare and the environment. These include sea lice levels and impact on benthic. These KPI's are sampled and assessed by independent 3rd parties on behalf of the authorities. The licensee can only have one generation of salmon at a time in a licensed area and is required to harvest out the entire population before stocking the next generation. A fallow period of at least 2 months is required between stockings. There is no payment or fee for the license itself, but a revenue tax and special corporate tax applies, however limited to only the marine farming activities.

Licenses in Scotland are generally smaller than in the Faroe Islands and have a maximum biomass limit. Holders can renew for 25 years. Licenses are rented from Crown Estate Scotland.

Feed

Fishmeal and fish oil produced from locally-caught fish with low food value and low market demand for direct human consumption

Fish feed with high inclusion of marine raw material and non-GMO agricultural raw material

Salmon oil and salmon meal

Human Food

Smolt production primarily for own operations, but also sold externally

Salmon (fresh, frozen)

Canned seafood

Services

Farming Service Vessels for treatment of salmon

Production of styrofoam boxes, also sold externally

Renewable energy and fertilizer

Production of renewable electricity and heating

High-quality bio-fertilizer

Logistics

Airline transporting salmon to internation markets and importing goods to the Faroe Islands

RESOURCES

Shareholder Capital

Skilled Workforce

Licences

Natural Resources

Pristine Waters

CORPORATE STRATEGY

VALUE CHAIN

- FISHMEAL
- FISH OIL
- FISH FEED
- BROODSTOCK
- HATCHERIES
- BIOGAS
- FARMING
- FSV
- HARVESTING
- PROCESSING
- PACKAGING
- SALES & LOGISTICS

ENABLERS

Growth ambition

One Company

Best practice processes

Embedded Sustainability

DIFFERENTIATORS

Provenance

Longest integrated value chain in the salmon industry

Optimal farming conditions in the Faroe Islands

Healthy Omega 3-6 Ratio

High-quality large salmon

Sustainable fishmeal, fish oil and fish feed

Lower than average feed conversion ratio

Research & Development

SALES & MARKETING

BAKKA SALMON

HEIMLAND
A TASTE OF THE FAROE ISLANDS

18 ISLANDS
Finest selection from the Faroe Islands

LOCHLANDER SALMON

NATIVE HEBRIDEAN

VALUES CREATED

Satisfied customers

Shareholders returns

Tax contributions

Community investments

Satisfied employees

REGULATION & COMPLIANCE

RESOURCES

Bakkafrost relies on a number of resources:

Shareholder capital

Salmon farming is a capital-intensive business, and we rely on access to capital to ensure business growth and continuously manage operational risks. We value constructive communication with banks and investors and ensure comprehensive and transparent reporting on financial and ESG topics.

Skilled workforce

We operate in a knowledge-intensive industry and rely on a skilled, motivated, and engaged workforce. We can attract and retain employees with the right competencies and knowledge by focusing on work satisfaction, inclusion, and developing employees' competencies.

Licenses

We farm salmon in fjords and lochs. We hold licenses that give us exclusive rights to use a given area for farming fish. These licenses are granted by the Faroese and Scottish authorities, and we are reliant on them to continue our business. We understand our duty to use these licenses responsibly, and we achieve this through comprehensive programmes to support sustainable farming practices.

Natural resources

Our operations rely on natural resources, particularly raw materials for salmon feed, such as marine ingredients, soy, wheat, and rapeseed oil.

Feed production depends on raw material availability. Marine ingredient volumes follow ICES recommendations for North Atlantic species, while agri-commodities are influenced by weather, political conditions, and price volatility. To secure inputs and minimize risk, we source from multiple vendors within each commodity category and continuously refine feed composition to maintain flexibility when availability fluctuates.

Freshwater is also an essential resource in our operations.

Pristine waters

Pristine waters are essential to keep our product at a high-quality standard. We contribute to maintaining clean waters by continuously minimising our environmental impact.

VALUE CHAIN

Bakkafrost controls everything from producing fishmeal, fish oil, and fish feed to selling and marketing finished VAP (value-added products). Control of the entire value chain is considered essential to ensure availability and traceability and to control the product flow daily. Both customers and processing facilities depend on the daily availability of salmon and depend entirely on a steady flow of harvested fish.

The quality of the salmon is the result of the whole operation, from the production of fishmeal and fish oil to the processing of the salmon. The documentation and traceability from the finished product back to the raw material in the feed and the salmon eggs is important for the customers and, therefore, crucial to Bakkafrost.

The control of the entire value chain enables Bakkafrost to make long-term delivery contracts and long-term customer relationships without being dependent on any third party to ensure the quality and predictability of the deliveries. It further enables better utilisation of the facilities throughout the value chain and prevents internal sub-optimization.

ENABLERS

Central to Bakkafrost’s strategy is a strong growth ambition. The opportunities for sustainable growth are good in the Faroe Islands and Scotland. Salmon farming is highly dependent on natural resources and the license to operate, as reflected in Bakkafrost’s business model, in which sustainability is deeply embedded.

Since the acquisition of the Scottish Salmon Company (now Bakkafrost Scotland) in Q4 2019, Bakkafrost has focused on merging the two organisations to form “One Company,” building upon the robust best practices processes It has established and proven successful.

DIFFERENTIATORS

Bakkafrost aims to produce delicious, healthy, sustainable, high-quality salmon that adds value for customers. This enables the Bakkafrost to obtain a higher price that benefits the outcome. Bakkafrost intends to enhance this position by investing in differentiation and the following USPs (unique selling points).

Provenance

The natural conditions and cold waters in the North Atlantic around the Faroe Islands and Scotland are perfect for raising salmon. Bakkafrost will further promote this unique provenance as producing exceptional quality salmon.

Salmon from the Faroe Islands and Scotland is recognised globally as top quality. Still, the Faroe Islands only produce about 3.5% (3.6%) and Scotland 6.7% (5,5%) of the world’s salmon. Bakkafrost salmon is sought after worldwide with accepted premium positioning and is preferred by select customers.

Longest integrated value chain

Bakkafrost is one of the world‘s most vertically integrated salmon farming companies. It uniquely produces its own fishmeal and fish oil, ensuring complete control and responsibility over all aspects of production and unparalleled traceability for clients.

Optimal farming conditions in the Faroe Islands

The Faroe Islands offer optimal salmon farming conditions, with pristine waters, strong currents, and cool, stable temperatures. These conditions ensure healthy fish growth, high welfare standards, and superior-quality salmon.

High levels of omega-3

Bakkafrost’s salmon are raised on a diet that is 2.5-3 times as rich in marine content as the feed normally used in the industry. This is an important factor for the quality of Bakkafrost salmon, as the marine content ensures the optimum fat content, rich in healthy Omega 3 fatty acids DHA and EPA. The natural diet also ensures enjoyment of the exceptional taste of Bakkafrost’s salmon, which contributes to its high quality.

High-quality large salmon

Bakkafrost is recognised as producing some of the largest Atlantic salmon in the world. Farming large salmon requires good biology and is, therefore, strong evidence for good fish welfare. Bakkafrost’s farming practice and use of high-quality feed rich in marine content translate into superior product quality, recognized by customers all around the world.

Feed rich in marine content

Bakkafrost has an integrated value chain that includes its own fish meal, oil and feed production. With its rich access to marine raw material from offcuts and trimmings from the Faroese pelagic fishing industry, as well as low-value marine species fished in the waters surrounding the Faroe Islands, Bakkafrost is uniquely positioned to maintain a substantially higher marine inclusion in the salmon feed compared to peers in the industry. The natural diet for wild salmon is almost entirely based on marine resources.

Low feed conversion ratio

Bakkafrost’s careful farming practices, high fish welfare standards, and use of feed that is close to the salmon’s natural diet enable Bakkafrost to have one of the industry’s best Feed Conversion Ratios (FCR), which is beneficial for the local environment and production costs.

Research & Development

Research and development are deeply rooted in Bakkafrost’s DNA. By addressing technical and operational challenges, valuable knowledge is created. Bakkafrost’s research and development activities are spread around the whole value chain, from research in broodstock and research in feed recipes, focusing on the development of fish health and welfare to food safety, product development, and piloting new packaging. Knowledge drives long-term value and ensures competitive advantage, whether it is enhancing biomass production or sea lice management. Through research and development projects, Bakkafrost safeguards innovations, fostering responsible growth and environmental stewardship.

SALES & MARKETING

Sales and geographical diversification

The sales and marketing department at Bakkafrost is responsible for the worldwide sales of Bakkafrost Salmon, whether farmed in the Faroe Islands or Scotland. The Group focuses on direct sales through channels where the quality attributes of Bakkafrost Salmon are recognised, and a price premium is achieved. The strategy ensures geographical sales diversification, thereby minimising the risk of market fluctuations.

Worldwide reach

Bakkafrost uses ship transport and trucking whenever possible to transport frozen and fresh products to nearby markets. Fresh salmon delivered to long-distance markets such as the US and Asia are transported by air.

Fast, reliable logistics with global reach are vital for distributing fresh perishable produce sought after worldwide. To maintain the leading position, Bakkafrost works closely with key freight forwarders to ensure effective logistics and first-class customer service worldwide, ensuring that Bakkafrost´s salmon is always delivered as fresh as possible by freight carriers to major airports and then linking with further passenger airlines to diverse worldwide locations. In Q1 2024, Bakkafrost started its operation with its own cargo plane to deliver fresh salmon to the US and Chinese markets. This has enabled Bakkafrost to deliver fresh salmon to customers in these markets within 24 hours from when the fish was alive in the Faroe Islands. Hereby, Bakkafrost's position as a supplier of superior-quality salmon is strengthened even more, leading to higher freshness of the delivered product and reduced food waste.

Segmentation

The Bakkafrost brand is particularly strong in the US and China, where demand for large salmon is strong. The strong sustainability profile of Bakkafrost salmon is particularly important to clients in the premium sushi segment. Bakkafrost does not use any antibiotics and uses only non-GMO ingredients in feed.

Value Added Products

Bakkafrost holds a leading position in frozen salmon portions. The main markets are leading European and US retailers. Bakkafrost adds value to VAP production by producing the highest quality product and is recognised as a reliable and responsible supplier.

The diversification of the Bakkafrost product mix brings additional benefits. It ensures increased revenue stability with negotiated 6- and 12-month contracts and offers an outlet for whole fresh fish in adverse market conditions.

Sustainability

Sustainability is deeply embedded in the business strategy, and we have set various sustainability targets within each pillar of our operations, which drive and shape the business strategy and operations.
With its robust nutrient profile and low environmental impact, farmed Atlantic salmon aligns with the needs of a low-carbon, green economy, considering its low carbon footprint, low water footprint, low land use, and high share of edible yield. The remarkable high resource efficiency differentiates farmed Atlantic salmon from other types of animal protein.

Bakkafrost relies on certifications, such as the MSC, ASC and BAP certifications. 100% of Bakkafrost's sites in the Faroe Islands and 75% in Scotland are ASC-certified, and the Scottish operation is also BAP-certified.

Branding

Over the years, Bakkafrost has prioritised strengthening the brand and widening the market reach. Today, Bakkafrost is well known for its sizeable, superior-quality salmon and sustainable operation. In 2022, Bakkafrost revised the brand strategy to leverage the solid Bakkafrost brand supported by several sub-brands, emphasise provenance, and target different customer segments.

VALUES CREATED

Key outputs from the business include:

Satisfied customers

We take great pride in producing the finest Atlantic Salmon for our customers. We focus on farming high-quality and healthy salmon rich in flavour, supple in texture, and vibrant in colour. We go above and beyond to supply our customers with fresh and nutritious salmon.

Shareholder returns

We are committed to the equal treatment of all our stakeholders and work hard to create a profitable business that creates value for them and the communities in which we operate.

Tax contributions

Bakkafrost is an integral part of the communities in which we operate, and we understand our role in supporting communities through tax contributions. We are passionate about driving economic growth and the sustainability of our rural economies.

Community investments

We are committed to supporting the local communities, and to support our commitment, we have established the Healthy Living Fund, where everyone can apply for funding. We support causes that promote sports, education, social inclusion, a healthy environment, and community volunteering.

Satisfied employees

We take great pride in creating meaningful jobs in remote areas, and our strategic priority is to be an employer of choice. We pay our employees an adequate salary, aim to create a safe and inclusive work environment and encourage them to take responsibility and pride in their work.

Membership and ratings

Transparent about progress

We aim to have a transparent approach to sustainability. We recognize our broader responsibility to engage, support, and work collaboratively with stakeholders in our wider environment. We aim to be open and transparent; this includes reporting the progress we make in addressing our most material issues.

UN Global Compact

Bakkafrost is a participant in the UN Global Compact and a member of the Business Action Platform for the Ocean. Through the action platform, we aim to contribute to the health of the ocean, through a focus on growth, innovation, and sustainability.

Voluntary Disclosure

Ocean Disclosure Project
Bakkafrost has signed up for the Ocean Disclosure Project to further increase transparency and focus on sustainable sourcing of marine ingredients.
For Bakkafrost's profile, please visit www.oceandisclosureproject. org.

2024 Awards

- Bakkafrost was nominated for the Environmental Award at the EY Sustainability Awards 2024
- Bakkafrost received multiple recognitions at the Aquaculture Awards. Thoms Begg, Marine Site Manager at West Roag, won the 2024 Farmer of the Year award for his dedication and excellence.
- Kimberly McKinnell, our Head of Health, accepted the Welfare Awareness. We also congratulate Calum Scott, Senior Marine Feed Technician, who was shortlisted for the "Rising Star" awards.

2024 Ratings

In 2024, Bakkafrost received a Management B score from CDP for our coordinated actions on Climate Change. We also achieved a B score for Water Security and an A- in CDP Forest for Soy, which reflects leadership-level performance in sustainable sourcing.

In the 2024 Coller FAIRR Protein Producer Index, Bakkafrost was ranked 5th among the world's most sustainable protein producers.

In 2024, Bakkafrost received a Sustainalytics ESG Risk Rating of 31.2 (on a scale of 0 to 40+), where a lower score indicates lower unmanaged ESG risk.

In the 2024 MSCI ESG Ratings assessment Bakkafrost received an A rating (on a scale of AAA-CCC).

In 2024, Bakkafrost received a score of 44 in S&P Global's Corporate Sustainability Assessment (CSA) and 47 in the S&P Global ESG score.

In the 2024 ISS ESG corporate rating report, Bakkafrost was rated C (on a scale of -D to A+).

Bakkafrost is listed on the OBX® ESG Index, launched by the Euronext Group in May 2022. The index identifies the 40 companies listed on the Oslo Stock exchange that demonstrate the best Environmental, Social and Governance (ESG) practices.

Memberships

Global Salmon Initiative (GSI)
Bakkafrost is a founding member of the initiative, which is focused on promoting sustainable aquaculture leadership through collaboration.

EFFOP
Havsbrún is a member of the EU Fishmeal Initiative, which is a European nongovernmental organisation representing European fishmeal and fish oil producers

IFFO
The Marine Ingredients Association; Havsbrún is a member of the IFFO, an international trade organisation that represents and promotes the marine ingredients industry, such as fishmeal, fish oil and other related industries.

Faroese Employers Association and Faroese Aquaculture Association Bakkafrost was instrumental in the formation of the Faroese Aquaculture Association which promotes a joint approach to the management of material sustainability issues faced by the aquaculture industry in the Faroe Islands.

Lantra
The Sector Skills Council for Aquaculture and Land-based industries. Lantra is a key organisation in a collaborative network across Scotland supporting the development of the skills agenda across Aquaculture.

SEDEX
Bakkafrost is a member of Sedex, a membership organisation that provides one of the world's leading online platforms for companies to manage and improve working conditions in global supply chains.

Please see our webpage for a comprehensive list of memberships and associations.

Certifications

GLOBALG.A.P.

FARMED RESPONSIBLY asc CERTIFIED ASC-AQUA.ORG

RSPCA ASSURED

Sedex

Ohne Gentechnik

PROTECTED GEOGRAPHICAL INDICATION

Feed Safety GMP+ Assurance

Best Aquaculture Practices

CERTIFICERING AF KVALITETSSYSTEM DNV ISO 9001

nqa. ISO 14001 ENVIRONMENTAL MANAGEMENT

IFS Food

marin Trust

BRCGS Food Safety CERTIFICATED

KLBD

GEOGRAPHIC ORIGIN UK PROTECTED

nqa.

MSC www.msc.org

code of good practice scottish finfish aquaculture

nqa. ISO 45001 HEALTH & SAFETY MANAGEMENT

Label Rouge Homologation n° LA/33.90

Our journey

For more details on Bakkafrost's history, please visit www.bakkafrost.com/about/history

1968
The Bakkafrost business was established by the two brothers Hans and Róland Jacobsen. The first processing plant was built in the same year. The third brother, Martin Jakobsen, joined the company in 1971.

1979
Bakkafrost started fish farming activities – one of the first companies in the Faroe Islands to do so.

1995
Bakkafrost built a factory for value-adding salmon at Glyvrar. Although the investment was limited and the capacity was low, this was Bakkafrost's starting point for value-added salmon production.

2003
Faroese Veterinary Model introduced, reducing mortality rates.

2006
The Bakkafrost Group grew through mergers and acquisitions with several farming companies. Bakkafrost's farming operation increased significantly, both on land and at sea.

2010
The shareholders of Bakkafrost and Vestlax agreed to merge the companies. Vestlax Group's shareholders agreed to be remunerated in Bakkafrost shares. The Vestlax Group was a farming company with a harvest factory in Kollafjørður. The Bakkafrost Group was an integrated farming company, ranging from smolt production, fish farming, and production of packaging materials to finished VAP products and Sales.

Bakkafrost was listed on Oslo Børs and broadened its shareholder base. In addition to local Faroese investors, the company was now owned by international investors from all over Europe and the USA.

Bakkafrost was the first feed factory to attain GLOBALG.A.P. certification.

2011
Bakkafrost acquired P/F Havsbrún, a modern, internationally renowned producer of fishmeal, fish oil, and fish feed, situated in the Faroe Islands.

2013
Bakkafrost was a founding member of the Global Salmon Initiative.

2015
In July, Bakkafrost's new live fish carrier M/S Hans á Bakka was delivered.

Bakkafrost was the first company and site in the Faroe Islands to be awarded an ASC certification, and an ASC Chain of Custody certification.

2017
Bakkafrost's new harvest/VAP factory and the headquarters in Glyvrar were finished.

The fish meal and oil division received the MSC Chain of Custody certification.Bakkafrost was the first feed factory to attain GLOBALG.A.P. certification.

2018
Bakkafrost started the integration of the Faroese broodstock program. Bakkafrost's new hatchery at Strond started operation. Bakkafrost closed the acquisition of the business and assets in the US salmon importer North Landing.

Bakkafrost's first sustainability report, the Healthy Living Plan, was released to accelerate progress on material sustainability issues with increased transparency.

Celebrated the 50th anniversary and announced a DKK 10 million Healthy Living Fund, including a 3-year partnership with the University of the Faroe Islands to support natural sciences.

2019
Began construction on a new biogas plant, converting farming waste into renewable energy, heat, and fertilizer. Began smoking salmon in-house in the Faroe Islands, using sustainably certified wood.

Bakkafrost acquired The Scottish Salmon Company PLC, an integrated salmon farming business in Scotland with a focus on traceability and total supply chain integrity.

Bakkafrost issued new shares for the first time since listing on Oslo Børs to finance the acquisition.

2020
First biogas was produced at the new biogas plant and sold the first KWh of renewable electricity.

Achieved the goal to have all Bakkafrost farms in the Faroe Islands certified to the ASC standard for responsible aquaculture, following a 7-year assessment period.

The Scottish Salmon Company was the first salmon producer in Europe to be recognized with a 4-star Best Aquaculture Practices (BAP) certification.

2021
Bakkafrost and 10 other businesses in the Faroe Islands joined forces to work together on a three-year corporate sustainability initiative.

Bakkafrost was a founding member of Burðardygt Vinnulív.

2022
Hatchery expansion in the Faroes and the first of two planned large hatcheries in Scotland to support our biosecurity strategy.

The first farming support vessel with innovative dual-treatment freshwater systems for gill-health and sea lice treatments entered the fleet in Scotland.

Bakkafrost received a new fully electric workboat called Grønarók.

2023
Bakkafrost's new hybrid live fish carrier and farming service vessel, M/S Bakkafossur, was delivered.

Hatchery expansions at Glyvradalur, Norðtoftir and Viðareiði came into operation and contract for new hatchery at Skálavík was signed.

Expansion phase 4 of the Applecross hatchery in Scotland was completed and the first batch of 250g smolt were released.

Bakkafrost's ambitious climate change targets were SBTI-approved. Bakkafrost committed to reduce scope 1 and 2 GHG emissions 50% by 2030. And committed to reduce scope 3 GHG emissions by 52% per tonne product sold.

Bakkafrost announced an updated five-year investment program for 2024-2028.

2024
Bakkafrost's subsidiary FarCargo received its first aircraft, "Eysturoy", for salmon exports and logistics. The aircraft operates with Sustainable Aviation Fuel (SAF) to reduce environmental impact.

The construction began of Bakkafrost's new hatchery at Skálavík in the Faroe Islands.

Main events in 2024

FarCargo takes delivery of its first Aircraft, “Eysturoy”.

Ursula von der Leyen, President of the European Commission, visits Bakkafrost

First flight with the new aircraft “Eysturoy” is made, delivering fresh Bakkafrost salmon from the Faroe Islands to the US.

Bakkafrost published its first Integrated Annual report, preparing for CSRD.

Bakkafrost Scotland received multiple recognitions at the Aquaculture Awards.

A four week long general strike started in the Faroe Islands, preventing Bakkafrost from harvesting fish

ISA-virus was detected in two pens at the farming site A19 in the Faroe Islands

Ambassadors representing 45 nationalities visited Bakkafrost.

The construction of Bakkafrost’s new hatchery at Skálavík in the Faroe Islands begun.

Product launch of Heimland Salmon Oil

Bakkafrost closes the harvest and processing facility at Marybank in Scotland.

New online Bakkafrost webshop in the Faroe Islands launched

Bakkafrost announced its official sponsorship of the 2027 Betri International Island Games, to be in held in the Faroe Islands.

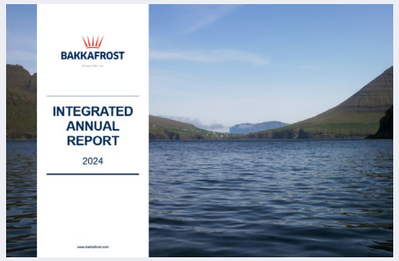
Bakkafrost held its customer summit in the Faroe Islands.

TIME names Bakkafrost among the world’s best companies

Bakkafrost opened an online store in Denmark.

Other Bakkafrost Disclosures

Integrated Annual Report, an integrated report combining our group financial results with environmental, social and governance information and performance.



Taskforce on Climate-related Financial Disclosure (TCFD) Report, provides information on the climate-related financial risks and opportunities that Bakkafrost faces.

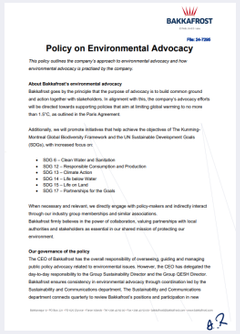
Remuneration Report follows Danish and Norwegian frameworks. The report covers the remuneration of the Executive Management, Board of directors, and committees.

Quarterly Reports, are available on Bakkafrost's website and provide quarterly financial updates as well as ESG highlights.

Taskforce on Nature-related Financial Disclosures (TNFD) Report, summarises nature-related risks and opportunities that Bakkafrost faces.

Integrated Summary Report, provides a short overview of financial and ESG highlights during the reporting year.
The report is available on our website.

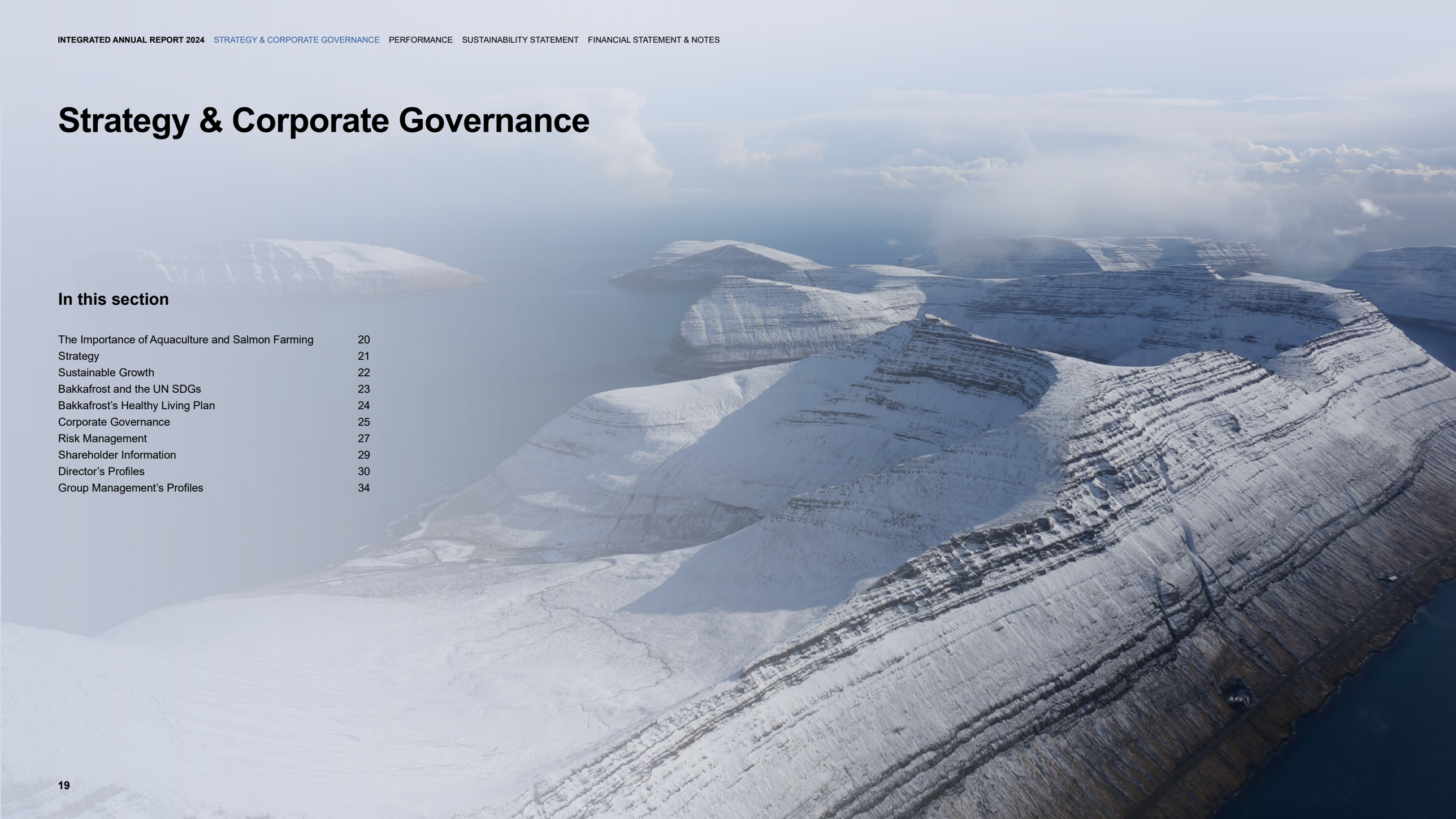
Company policies, function as frameworks for guiding responsible decision-making and operational practices. They establish standards for sustainability, risk management, and corporate responsibility, ensuring compliance with regulations and industry best practices.
The policies can be found on our website.



CDP Climate, Water and Forests report, provides Bakkafrost's annual climate, water and forests accounting, including GHG emissions, freshwater use, and use of resources that may potentially contribute to deforestation.
The report also contains in-depth information related to dependencies, impacts, risks and opportunities.

Bakkafrost Sustainability Data Hub, is available online and includes all ESG-related data, including additional ESG metrics not included in this report.

Strategy & Corporate Governance



In this section

The Importance of Aquaculture and Salmon Farming

Today's food systems face extraordinary challenges as global population grows, in turn putting enormous pressure on food resources. To feed nine billion people by 2050, we must focus on further development of sustainable food systems, with minimal footprints that preserve the earth for future generations.

Aquaculture has been identified as a sustainable solution to meet the increasing demand for nutritious protein to feed the growing population. Farmed salmon is among the healthiest protein sources with its high content of omega-3 fatty acids, vitamin D, selenium, and B vitamins. According to the 2018 World Resource Institute's report 'Creating a Sustainable Food Future', aquaculture production would need to more than double between 2010 and 2050 to meet projected fish demand.

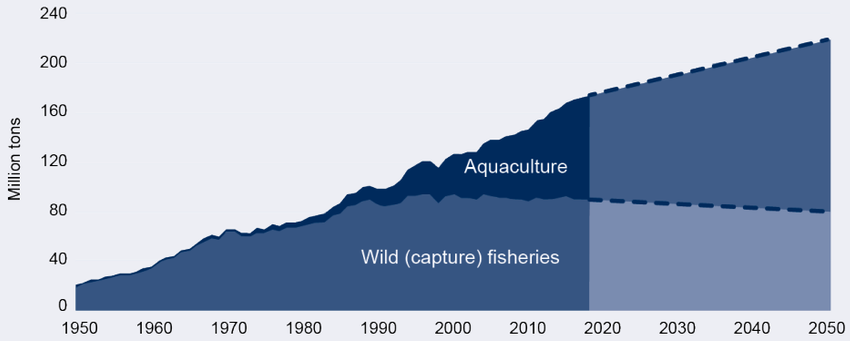
Aquaculture is a sustainable option for consumers, compared to other farmed proteins. Sustainably sourced salmon has one of the lowest carbon footprints of all animal proteins including; chicken, pork, beef, and lamb. It is highly resource efficient and compared to these proteins, has the highest protein retention, the lowest feed conversion ratio, and the lowest water footprint.

Responsible and sustainable salmon produced in a way that minimises potential negative impact is the solution to providing future generations with healthy and environmentally friendly protein options.

Bakkafrost has an ambitious growth strategy which enables us to compete in the world's fastest growing food producing sector and make a significant contribution to providing healthy sustainable food for a growing population.

Through responsible and efficient production of high-quality protein for the global market and our investment in innovation, sustainable infrastructure, and renewable energy solutions, we are contributing towards UN Sustainable Development Goals 2, 7, 8 and 9.

Aquaculture production must continue to grow to meet world fish demand



Source: Historical data, 1950-2016: FAO (2017b) and FAO (2018). Projections to 2050: Calculated at WRI; assumes 10 percent reduction in wild fish catch from 2010 levels by 2050, linear growth of aquaculture production of 2 Mt per year between 2010 and 2050. (Creating a Sustainable Food Future, World Resource Institutes, 2018)

FARMED SALMON IS A VERY RESOURCE EFFICIENT SOURCE OF HEALTHY PROTEINS

	Farmed Atlantic Salmon	Chicken	Pig	Beef	Lamb
CARBON FOOTPRINT	Lowest				
LAND USE	Lowest				
FEED CONVERSION	Lowest				
WATER FOOTPRINT	Lowest				
EDIBLE YIELD	Highest				
PROTEIN	2nd Highest				
OMEGA-3	Highest				
VITAMIN D	Highest				

Strategy

Bakkafrost's vision is to be a significant contributor in fulfilling the world's growing demand for healthy and sustainably produced protein. Our mission is to produce the best salmon in the world.

We are proud of our **Provenance**, bringing together our cultural differences to raise sustainable, nutritional salmon, with full value chain integrity.

We celebrate our **Passion** for our business and our people, who go above and beyond to accomplish our shared purpose, together. This is our competitive advantage.

We **Respect** and care for our natural environment, each other, our employees and our local communities in which we live and work – sustainability is at the heart of everything we do.

Bakkafrost's experience within the seafood industry dates back to 1968, and since then, our priority has been to run a healthy, attractive and competitive cost-conscious salmon farming group.

Our strategy is focused on sustainable value creation. This extends beyond healthy financial returns, to the strength, capability and reputation of the business, the quality of our workforce, and collective social and environmental wellbeing. We recognize that by investing in the health of our business, our people, our salmon, the environment and the communities in which we operate, we will be in a better position to achieve this. Today, our five business objectives are:

VISION

To be a significant contributor in fulfilling the world's growing demand for healthy and sustainably produced protein

SUSTAINABLE GROWTH
We strive for a continuous market driven growth of harvest volumes as well as of the value of our products, while building strategic strongholds in selected markets.

ONE COMPANY
We will be one united company where our employees share values, identity and culture and operate efficiently "as one" according to best practices and within simple organisational and governance structures.

DIFFERENTIATION
We differentiate ourselves by increasing brand awareness, based upon the provenance, superior quality and large sized salmon, taste and nutritional profile of our salmon with full traceability, fed on our own feed with high marine content.

SCOTLAND TURNAROUND
We will transform the performance of our Scottish operation through targeted investments and applied best practices, which will reduce biological risks, reduce costs, improve product quality, enable simpler processes and release synergies.

MISSION

To produce the best salmon in the world!

SUSTAINABILITY
We embed sustainability deeply in our decision-making processes and demonstrate our commitment to sustainability through our actions and achievements, for which we aspire to be acknowledged as industry-leading.

Our core values, which support our performance and guide our behaviour, reflect our commitment to creating long-term value for our customers, shareholders and society by acting responsibly, showing respect, and being persistent, efficient and ambitious.

In 2021, we reviewed our corporate strategy and aligned our strategic objectives with our Healthy Living Plan, outlined in our sustainability statement. We have updated our strategic objectives to reflect and align with the updated sustainability-targets, set in 2024.

We have set SBTi-validated carbon reduction targets of:
- 50% reduction in absolute Scope 1 and 2 GHG emissions by 2030 from a 2020 base year
- 52% reduction per tonne of product sold in Scope 3 GHG emissions from a 2020 base year

VALUES

Provenance, Passion and Respect

Our carbon reduction targets guide our overall business strategy and informs our investment plan. For example, we have allocated 355 mDKK in our 2022-2026 five-year investment plan to green transition.

Our strategy going forward is focused on decoupling carbon emissions from business growth. The growing population means an increased demand for protein. Thus, we look to grow the business in the coming years.

We have identified some key elements of our value chain, which need to be transitioned to renewable energy to decouple growth from carbon emissions, including transitioning feed production to use renewable energy as well as switching to renewable energy solutions onboard our large vessels. Green innovation within the marine sector is critical for us to be able to do energy transition in this sector.

Sustainable Growth

Sustainable Growth and Investment Strategy
Sustainable growth is at the core of our ambitious expansion goals. In 2023, Bakkafrost introduced a new five-year investment plan, targeting a more than 50% increase in premium salmon output by 2028. Our planned investments for 2024-2028 will expand total production capacity to approximately 200,000 tonnes (head-on gutted weight) and support a harvest volume of 165,000 tonnes by 2028.

A key driver of sustainable growth is our strategy to increase the production of large, high-quality smolt. This is achieved through expanding land-based production capacity in advanced hatcheries equipped with cutting-edge water recycling technology (RAS). Bakkafrost has utilized RAS technology for over 25 years, making it a well-established practice within our operations. By growing smolt to a larger size before transferring them to marine sites, we shorten the marine farming cycle, reducing biological risk and increasing production capacity. In the Faroe Islands, this strategy is already well underway, and we will begin deploying large, high-quality smolt in Scotland by 2025.

In the Faroes, we have optimised farming locations by moving sites to more exposed areas with stronger sea currents, which enhance water quality for healthier growth while minimizing seabed impact. This is also part of the strategic journey for Scotland, where we work on consolidating sites and moving them to more exposed areas.

In the Faroes, we have made significant progress by expanding hatchery capacity. The ability to produce large smolt is the most important factor driving long-term volume growth in both the Faroe Islands and Scotland. In Scotland, the large smolt strategy is a game changer, reducing biological risks, improving efficiency, lowering costs, and creating opportunities for future growth.

When we acquired Bakkafrost Scotland (previously named The Scottish Salmon Company) in Q4 2019, we planned a five-year turnaround, requiring replication of investments made in the Faroes and the implementation of best practices. However, due to COVID-19-related delays, this transition period is now expected to take seven years. As in the Faroes, the foundation of success in Scotland lies in producing large, robust, high-quality smolt in modern hatcheries using RAS technology. To achieve this, we plan to build two state-of-the-art hatcheries in Scotland, modelled after those in the Faroes. The first hatchery at Applecross is already producing high-quality smolt of around 200-250g, which will increase to around 500g when the next planned hatchery is built.

Additionally, we are investing in vessels and infrastructure to enhance fish health and survival rates. In Scotland, we have two large farming service vessel equipped with dual-treatment systems for gill health treatments and sea lice removal using freshwater only. In 2023, we installed this system on the new 10,000m³ farming service vessel, Bakkafossur, in the Faroe Islands. These unique capabilities have enabled us to obtain significant improvements on gill health in Scotland and maintaining all-time low sea lice levels in the Faroe Islands as well as in Scotland.

Bakkafrost Scotland has also undergone significant technological advancements, aligning with Faroese operational standards. Investments have been made in IT infrastructure, camera systems, predator-proof nets, aeration systems in farming pens, advanced feeding technologies, innovative treatment systems on service vessels, and environmental sensors. These improvements help safeguard fish health, optimize feed conversion rates, and enhance environmental management.

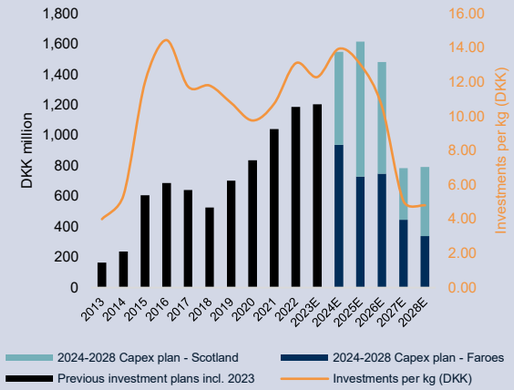
Sustainability and Renewable Energy
As we expand hatcheries in both the Faroes and Scotland, energy consumption and biological waste generation increase. To address this, renewable energy sourcing and sustainable waste management are integral to our hatchery designs and investment plans. At our Applecross hatchery in Scotland, all energy will be sourced from renewable sources, including solar panels and a direct private power line to a nearby hydropower plant. Sludge from the facility is turned into biochar through pyrolysis – a production Bakkafrost is the first in the UK to obtain a license for.

This increased land-based production in the Faroe Islands also generates substantial organic waste, which we utilize in our biogas plant, FÖRKA. As a result, Bakkafrost has become a significant producer of renewable energy and fertilizer in the Faroes - an excellent example of a circular economy where business growth and sustainability go hand in hand.

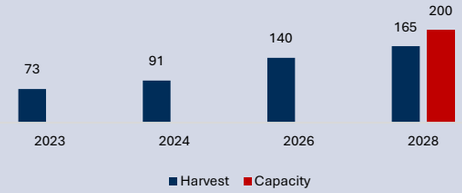
Synergies and Efficiency Gains
One of the key synergies from acquiring Bakkafrost Scotland has been the increased efficiency and output in our fish feed production in the Faroe Islands. Since all salmon in the Faroe Islands and Scotland are fed on our own high-quality feed, and due to Scotland's warmer seawater temperatures in winter, feed capacity utilisation has improved, resulting in a more stable year-round production. This has positively impacted production costs. Additionally, feeding Scottish salmon the same high-marine diet as our Faroese salmon has enhanced product quality and market positioning, leveraging the strong reputation of the Bakkafrost brand. To accommodate increasing feed consumption due growing harvest volumes in the Faroe Islands and Scotland, the 2024-2028 investment plan includes expansion of the feed production capacity in the Faroe Islands.

Business profitability
Since 2013, Bakkafrost has invested DKK 6.4 billion into its value chain in the Faroe Islands. Our fully integrated value chain is the longest in the industry and uniquely includes in-house fish meal and fish oil production for feed manufacturing. Through strategic investments in efficiency and vertical integration, Bakkafrost has significantly increased profitability, placing our Faroese operations among the top performers in the industry and the Oslo stock exchange. Since 2015, capital expenditure in the Faroe Islands has ranged between DKK 10-14 per kg of harvested salmon.

2024-2028 Capex plan



Planned total harvest volume and capacity (kt)



Bakkafrost and the UN Sustainability Development Goals

The UN SDGs set out 17 global goals for social, environmental and economic progress between 2015 and 2030. The goals seek to address the greatest challenges and opportunities faced by society today. The UN resolution identifies specific targets for each goal and provides indicators to measure progress.

At Bakkafrost we view the goals as representing broad stakeholder expectations on global issues, so we have used them as part of the double materiality assessment which is the foundation for our 2024 Healthy Living Plan. During our strategic planning process, we referred to aspects of the Future-Fit Benchmark designed to make the SDGs a reality.

We have conducted a mapping of the SDG goals and targets against our activity to understand which are most relevant for us. We have distinguished between areas where there is potential for high positive impact, areas for limited positive impact, and areas where we have a responsibility to mitigate potential negative impacts.

Below you can see how we've assessed our contribution to the goals, which you can read more about throughout the report.

Potential for high positive impact

SDG 2 Zero Hunger
End hunger, achieve food security and improved nutrition and promote sustainable agriculture. We are contributing towards target 2.4 by providing efficient sustainable production of a healthy source of protein and essential fatty acids to feed a growing global population.

SDG 8 Decent Work and Economic Growth
Promote inclusive and sustainable economic growth, full and productive employment and decent work for all. We are contributing towards target 8.1 through our substantial contribution to the Faroese economy and contributing to the Scottish, US and Danish economy; 8.5 by creating full and productive employment with equal opportunities in the Faroe Islands, Scotland, US and Denmark; 8.7 through the strict labour standards outlined in our Code of Conduct and Supplier Standard to avoid forced and child labour, and modern slavery; and 8.8 by applying labour rights and safety standards throughout our value chain (in line with third party certification).

Potential for limited positive impact

SDG 5 Gender Equality
Achieve Gender equality and empower all women and girls. We are contributing towards target 5.5 by ensuring women's full and effective participation and equal opportunities for leadership at all levels of decision-making in the company.

SDG 7 Affordable and Clean Energy
Ensure access to affordable, reliable, sustainable and modern energy for all. We are contributing towards target 7.2 by increasing the share of renewable energy in the Faroe Islands' energy mix from our biogas plant; and 7.3 by increasing energy efficiency in our operations.

SDG 9 Industry, Innovation, and Infrastructure
Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation. We are contributing towards target 9.4 by upgrading and retrofitting assets across our value chain to make them more sustainable, as well contributing towards new renewable technologies and infrastructure in the Faroe Islands and in Scotland.

SDG 14 Life Below Water
Conserve and sustainably use the oceans, seas and marine resources for sustainable development. We are contributing towards target 14.1 by managing our impacts on the environment from our marine operations; and 14.4 by using marine ingredients certified as sustainable.

SDG 17 Partnerships for the Goals
Strengthen the means of implementation and revitalize the global partnership for sustainable development. We are contributing towards target 17.16 through collaboration and partnerships to develop and share best practice solutions that address systemic challenges in aquaculture.

Responsibility to mitigate potential negative impact

SDG 6 Clean Water and Sanitation
Ensure availability and sustainable management of water and sanitation for all. We are addressing target 6.3 by substantially increasing the safe reuse of water via our Recirculating Aquaculture System (RAS) facilities, minimising the impact of our operations on the environment; 6.4 by increasing water efficiency; and 6.6 by minimising future pollution from agriculture through liquid fertilizer produced at our biogas plant.

SDG 12 Responsible Consumption and Production
Ensure sustainable consumption and production patterns. We are addressing target 12.2 by maximizing efficiency of natural resources used in our feed; 12.3 by reducing food losses; 12.5 by adopting a circular approach across different elements of our value chain, by reducing our waste generation through prevention, reduction, recycling and reuse; and 12.6 by encouraging companies to adopt sustainable practices and to integrate sustainability information into their reporting cycle by increasing transparency on our sustainability performance.

SDG 13 Climate Action
Take urgent action to combat climate change and its impacts. We are addressing target 13.1 by building the climate resilience of our company and value chain and look to reduce emissions associated with own operations.

SDG 15 Life on Land
Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and biodiversity loss. We are addressing target 15.2 by sourcing certified sustainable paper and wood products and only procuring non-GMO, Pro-Terra or similar certified soy protein for our animal feed; and 15.5 by implementing measures to reduce the impact of salmon aquaculture on the nearshore environment and increasing research into this area and promoting biodiversity projects. We will continue to look for data to enable us to benchmark and where relevant increase our contribution to the Sustainable Development Goals.

Bakkafrost's Healthy Living Plan - our Strategic Sustainability Framework

At Bakkafrost, our mission is to produce the world's best salmon while ensuring sustainability is embedded in everything we do. Our Healthy Living Plan serves as our strategic framework, guiding our sustainability ambitions through five core pillars:

	Healthy Business	Healthy People	Healthy Salmon	Healthy Environment	Healthy Communities
Strategic priority	To grow efficiently and responsibly	To be a preferred employer	To exceed leading standards	To minimise our environmental impact	To create shared value
2026 Targets	• Zero cases of non-compliance. "No product recall, No market bans, No IT security incidents" • Sustainability recommendations on all Bakkafrost-branded products • Average customer rating of >8.5 and a net promoter score above +50 • Include sustainability in CAPEX request form • Board to receive sustainability training annually • Implement use of new technology and digitalisation to contribute to operational efficiency (both regarding the salmon and environment)	• Employee engagement scores above industry benchmark (provided by Peakon) • Minimum three employee events a year with focus on sustainability engagement and awareness • Reduce group absence rate to 3.9% • Reduce LTIR to below 5 • Zero fatalities • Have 10 vocational graduates from the Faroese vocational education program for salmon farmers per year by 2026 • Increase number of women in management positions (managers with direct reports) to at least 25% • Disclose gender paygap. Percentage increase from year 0 in the company to year 5	• Annual salmon survival rate of 96% (Faroes) and 92% (Scotland) • Zero antibiotic use • Maintain industry-leading approach to animal welfare • High omega-3 levels • High protein levels average 19g/100g • No product recall • Maintain ASC certification in the Faroes and achieve ASC certification in Scotland by 2027 • Focus on producing salmon from own unique breed	• Reduce by 50% the Scope 1 & 2 CO 2 footprint by 2030 • Reduce the Scope 3 footprint by 52% per tonnes of product by 2030 • Water recirculation rate over 97% in all hatcheries • Measure freshwater use/tonne of fish processed by 2026 • Zero fish escapes • Group FCR below 1.083 weighted average • Continue research and investigation of new sustainable sources for marine ingredients. • Engaging with suppliers of feed ingredients	• Minimum yearly investment of 3 mDKK in Healthy Living Fund in the Faroes and Community Fund in Scotland • Enhance stakeholder alignment and collaboration to drive sustainable outcomes • Promote community engagement and transparency through a minimum of 30 annual visits from schools, local communities and stakeholders • Annual beach clean: >90% of areas where we operate • Minimum 60% use of local suppliers
SDGs	• SDG 2 Zero Hunger • SDG 8 Decent work and economic growth • SDG 9 Industry, Innovation, and Infrastructure • SDG 7 Affordable and Clean Energy	• SDG 8 Decent work and economic growth • SDG 5 Gender Equality	• SDG 2 Zero hunger • SDG 6 Clean water and sanitation • SDG 14 Life below water • SDG 17 Partnerships for the goals	• SDG 6 Clean water and sanitation • SDG 7 Affordable and Clean Energy • SDG 9 Industry, Innovation, and Infrastructure • SDG 12 Responsible Consumption and Production • SDG 13 Climate Action • SDG 14 Life below water • SDG 15 Life on Land	• SDG 8 Decent work and economic growth • SDG 17 Partnerships for the goals

This framework outlines our key sustainability goals and strategies towards 2026, ensuring we create long-term value while fostering a responsible and resilient business.

Alignment with CSRD and ESRS Reporting

From 2024, Bakkafrost's sustainability reporting follows the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS). While our Healthy Living Plan remains our strategic sustainability framework, the Sustainability Statement in this report is structured according to the ESG categories: Environmental Information (e.g., climate action, biodiversity, water, pollution, circular economy), Social Information (e.g., workforce, human rights, community engagement), Governance Information (e.g., business ethics, compliance, risk management, animal welfare). This shift ensures full transparency, regulatory compliance, and alignment with global sustainability standards, including the UN Sustainable Development Goals (SDGs), which remain an integral part of our approach.

Our Healthy Living Plan will continue to drive Bakkafrost's sustainability initiatives, while CSRD/ESRS reporting enhances how we measure and communicate our progress. By combining strategic goals with standardized reporting, we enhance our ability to track progress and contribute to sustainable development in a transparent and structured way.

Corporate Governance

P/F Bakkafrost is dedicated to maintaining high standards of corporate governance. The company endeavours to be in compliance with the Norwegian corporate governance regime, as detailed in the Norwegian Code of Practice for Corporate Governance, published on 14 October 2021 by the Norwegian Corporate Governance Board (the "Code of Practice"). The recommendation may be found at www.nues.no. Beside the Corporate Governance description in our annual report, Bakkafrost publishes a more detailed report on Corporate Governance, which may be found on our website.

Bakkafrost does not comply with the following recommendations in the Norwegian Code of Practice for Corporate Governance:

Section 3 stipulates, "that mandates granted to the board should be limited in time to no later than the date of the next annual general meeting".

Bakkafrost's Articles of Association § 4A gives the Board of Directors authorization to increase the share capital until the ordinary general meeting of the company in 2025. For practical reasons, this has been implemented into the Articles of Association of P/F Bakkafrost. It is the Board's view that if shareholders find this authorization unacceptable, the Board will support a change to the Articles of Association.

BAKKAFROST'S GOVERNANCE MODEL
To ensure adherence to the principles, the company has elaborated specific instructions regarding rules of procedure for the Board of Directors, instructions for the Election Committee, instructions for the Chief Executive Officer and other management, guidelines with regards to values and ethics, instructions for the Audit Committee, an investor relations policy, guidelines relating to takeover bids and guidelines for related-party transactions.

SHAREHOLDERS AND GENERAL MEETING
Shareholders exercise their rights at Bakkafrost's general meeting – such as appointing Bakkafrost's Election Committee, Board of Directors and auditor.

The procedures at Bakkafrost's general meeting follow the standard rules stipulated in the Faroese company law and Bakkafrost's Articles of Association.

ELECTION COMMITTEE
The Election Committee recommends candidates for election to the Board of Directors and the Directors' fees. The deadline for submitting proposals to the Election Committee is 31 January.

Bakkafrost's General Meeting elects the members, hereunder its chairman, for the Election Committee for a period of two years, unless the General Meeting decides otherwise. The remuneration payable to the Election Committee's members is also determined by the General Meeting.

The regulations governing the work of the Election Committee are incorporated in Bakkafrost's Articles of Association.

At the end of 2024, the members of the Election Committee were:

- Gunnar í Liða (Chairman)
- Eyðun Rasmussen
- Rógvi Jacobsen
- Leif Eriksrød

BOARD OF DIRECTORS
Bakkafrost's Board of Directors is responsible for the overall management of the company and appoints a management of one or several managers to manage the daily business of Bakkafrost. The Board of Directors sets out the strategy for Bakkafrost and decides major investments and divestments. The Board of Directors is also responsible for ensuring that Bakkafrost has at any time an appropriate capital base, key policies and controls and for reviewing audit matters. The Board of Directors is responsible for Bakkafrost's Risk Management and material operational decisions.

The majority of the members of the Board of Directors shall be residents in the Faroe Islands. The chairman of the Board of Directors is elected by the general meeting. The Board of Directors shall have between three and seven members. Information about the members of the Board of Directors may be found in "Directors' Profiles" in the Annual Report.

The Board of Directors has laid down detailed rules regarding its activities in a working procedure, which is reviewed regularly.

The Board of Directors held nine meetings in 2024. In these meetings, sustainability topics have also been discussed, as disclosed in the Sustainability Statement (ESRS GOV 2, page 63) Below under each Director's profile is disclosed each Director's participation in the Board meetings held during 2024.

The members of the Board of Directors receive a fixed remuneration, which is approved by the general meeting. The members of the Board of Directors are not part of Bakkafrost's share savings plan for employees or any bonus schemes.

AUDIT COMMITTEE
The Audit Committee is a sub-committee of the Board of Directors and assists the Board of Directors in overseeing the financial and non-financial reporting process, financial and business-related risks, internal controls, and compliance with statutory and other requirements from the public authorities.

The Audit Committee decides the framework of Bakkafrost's external auditors, evaluates the auditors' independence and qualifications.

The company's audit committee met four times during 2024 to review accounting and operational issues in detail. The committee consists of Øystein Sandvik (Chairman), Guðrið Højgaard and Teitur Samuelsen.

REMUNERATION COMMITTEE
The Remuneration Committee, a sub-committee of the Board, consists of three members: Øystein Sandvik (Chairman), Einar Wathne, and Teitur Samuelsen.

It sets a reward policy that motivates Group Executive Management to pursue long-term shareholder interests. Responsibilities include defining remuneration policy, determining individual compensation, and guiding salaries, bonuses, pensions, and other remuneration.

BAKKAFROST'S GOVERNANCE MODEL

GROUP EXECUTIVE MANAGEMENT

The Group Executive Management leads Bakkafrost's daily business and shall adhere to any decisions made by the Board of Directors as well as to any rules and requests from the Board of Directors.

The Board of Directors has in executive instructions laid down specific rules regarding the authority and duties of the Group Executive Management. The Board of Directors also decides the employment conditions of the Group Executive Management and gives more specific rules regarding its work.

The Group Executive Management consist of CEO Regin Jacobsen, CFO Høgni Dahl Jakobsen and Managing Director of Havsbrún Odd Eliasen. Information about the Group Executive Management may be found in “Group Managements’ Profiles” in the Annual Report.

Risk Management

The Bakkafrost Group is exposed to several risks, which will always be a natural part of our business activities. Proper risk management is crucial for Bakkafrost to reduce the potential negative impact of the risks or take advantage of opportunities.

Governance

The Board of Directors has the ultimate responsibility for risk management of the Group and approves the framework for identifying and mitigating risks. The Audit Committee supervises risk management.

The Group Management is responsible for daily compliance with the risk management framework and the Group's day-to-day risk management which is delegated in the organisation. This includes maintaining a risk register for the Bakkafrost Group in which identified risks are documented and assessed alongside the progress and impact of risk mitigating efforts. The Group Management regularly monitors the risk register and the continuous risk assessment is followed yearly with an extensive risk analysis for the whole Group. Around year-end, a comprehensive risk report is produced to report status of the risks to the Audit Committee for approval by both the Audit Committee and the Board of Directors.

Risks are continuously identified and assessed across the organisation, including their likelihood and impact on Bakkafrost. Mitigating actions are also defined and evaluated for effectiveness.

Sustainability-related risks

At Bakkafrost, managing sustainability-related risks is integral to our risk management strategy. Environmental and social factors are crucial to long-term resilience, and we continuously assess these risks. While we have reported on sustainability for years, we welcome the Corporate Sustainability Reporting Directive (CSRD) as a step toward greater transparency and consistency. Beyond compliance, we see it as a tool to enhance sustainable business practices.

Our climate risk assessments follow the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and, along with EU taxonomy reporting, are embedded in our sustainability reporting.

The CSRD also introduces mandatory reporting on environmental, social, and governance (ESG) factors, emphasizing the importance of a double materiality assessment (DMA). By evaluating both the financial risks linked to sustainability and the broader impact of our operations, we gain deeper insights into our long-term opportunities and challenges. This structured approach supports strategic decision-making and ensures that sustainability considerations remain central to our overall risk management framework.

In the 2024 double materiality assessment, we have identified the following ESRS topical standards under the CSRD as material:

Environment:
- Climate Change (ESRS E1)
- Pollution (ESRS E2)
- Water and Marine Resources (ESRS E3)
- Biodiversity and Ecosystems (ESRS E4)
- Resource Use and Circular Economy (ESRS E5)

Social:
- Own Workforce (ESRS S1)
- Workers in the Value Chain (ESRS S2)
- Affected Communities (ESRS S3)
- Consumers and End-users (ESRS S4)

Governance:
- Business Conduct (G1)
- ES: Animal Welfare

A full overview of the DMA methodology and findings is available in the 'Sustainability Statements' ESRS 2 GOV-5 starting on page 64 while the following page covers the most material risks managed through Bakkafrost's risk management framework. In 2025, we will continue to align sustainability-related risk assessments in the DMA with Bakkafrost's risk management framework.

Most material risks identified

Using the risk management framework, Bakkafrost has identified the following 7 risks as being the most material risks, having either a positive or negative impact:

- Macro-economical risk
- Foreign exchange risk
- Legal and regulatory risk
- Salmon price
- Sea lice
- Smolt quality in Scotland
- Cybersecurity

On the following page these risks are detailed

Macro-economic risk

Bakkafrost operates across multiple countries and sells its products globally, making it susceptible to macroeconomic shifts at local, regional, and global levels. These changes can have both positive and negative impacts. Factors such as wars, political instability, fluctuating interest rates, and economic recessions influence the global economy, market dynamics, trade flows, and financial stability.

How this risk is managed

Bakkafrost reduces risk through a diversified market strategy, selling across various geographic regions and distribution channels (retail and food service). Operating in financially independent markets helps mitigate economic fluctuations. Additionally, Bakkafrost maintains access to reliable information sources to monitor macroeconomic developments in key operating and sales regions.

Foreign exchange risk

Bakkafrost operates in the global farmed salmon market, with revenues and receivables primarily in DKK, EUR, USD, and GBP, while payables are mainly in DKK, USD, GBP, and NOK. The group benefits from natural hedging but maintains a trade surplus, primarily in USD. Unhedged currency fluctuations pose a financial risk.

Bakkafrost's main currency exposure is a net inflow of USD and GBP, excluding DKK and EUR. In 2024, USD/DKK and GBP/DKK appreciated by 6.4% and 4.9%, respectively, while NOK/DKK declined by 4.3%, impacting competitiveness against Norwegian salmon producers.

How this risk is managed

Bakkafrost mitigates foreign exchange risk through natural hedging within the Group, balancing intragroup transactions and external trade to limit exposure to the reporting currency. A hedging strategy is in place to manage remaining net exposure, with regular performance reviews and Board oversight ensuring its effectiveness.

The Company's multicurrency finance agreement gives Bakkafrost the possibility to request other currencies at utilisation.

Legal and regulatory risk

Bakkafrost is subject to regulatory changes in its operating regions, which can impact compliance requirements, market entry, and growth opportunities. Adhering to laws and regulations is crucial for maintaining confidence and avoiding legal issues. Given the highly regulated nature of salmon farming and Bakkafrost's broad activities across jurisdictions, legal and regulatory risks are inherent.

Regulatory changes present both risks and opportunities, such as site consolidation or production increases through new technology.

How this risk is managed

Geographical diversification with Bakkafrost Scotland reduces the impact of regulatory changes at the group level. Continuous dialogue with regulators and politicians in the Faroes and Scotland, both directly and through industry organizations, helps influence and prepare for changes.

Bakkafrost ensures compliance with veterinary, food safety, human safety, financial, tax, and corporate regulations. Responsibility is clearly divided across departments, with external legal and professional advice used when needed.

Ongoing engagement with authorities supports regulatory changes that enable sustainable growth, including site consolidation, relocation, and increased production through new technology.

Salmon price

Bakkafrost's financial performance and growth are closely tied to farmed salmon prices, which have historically fluctuated significantly. Market prices are expected to remain cyclical, influenced by the balance of supply and demand, as well as the availability of different sizes and qualities for various markets.

Since 2022, salmon prices have been particularly strong in H1, driven by limited supply and quality issues in the Norwegian industry. Going forward, price fluctuations between H1 and H2 are expected to stabilize, with overall prices remaining strong due to constrained global supply.

How this risk is managed

Bakkafrost continuously evaluates the balance between spot sales and long-term contracts, with contract levels primarily negotiated during H2.

Additionally, a diversified market approach, centered on the Bakkafrost main brand and supported by sub-brands and origins, enhances strategic, tactical, and operational flexibility while reducing market risk.

Salmon contracts are also hedged on FishPool on an ad-hoc basis to further manage price fluctuations.

Sea lice

Salmon lice (Lepeoptheirus salmonis) and especially treatment against salmon lice is considered a critical risk. The lice infestation itself does not cause considerable physical damage to the fish, but the extensive effort to continuously keep the lice number low, is a demanding task causing issues concerning animal welfare, as well as economic consequences.

How this risk is managed

Bakkafrost has significantly increased the capacity to combat sea lice, mainly with the farming service vessels with dual-treatment systems using a combination of freshwater bathing. In addition, proactive monitoring and treatment strategies are applied.

Gill health (Scotland)

Proliferative Gill Disease (PGD) and Complex Gill Disease (CGD) are major challenges in Bakkafrost Scotland's seawater production. These conditions are influenced by pathogens, environmental factors like plankton and suspended solids, and overall gill health. Any gill damage affects the fish's ability to breathe and weakens their overall condition. When combined with other infections, such as AGD, the impact can be more severe.

How this risk is managed

Bakkafrost has invested in dual-treatment systems that combine freshwater bathing and flushing to improve gill health. Targeted monitoring helps detect AGD early, allowing for timely treatments with minimal impact on fish welfare. Feeding strategies are adjusted as needed supporting both gill health and growth. These combined efforts ensure a proactive approach to managing gill challenges.

Smolt quality (Scotland)

Reduced smolt quality and transfer-related stress can contribute to high post-stocking mortality in seawater, leading to secondary health challenges throughout the production cycle.

How this risk is managed

Bakkafrost has allocated additional resources to optimize the stocking process and reduce mortality rates. Investments in the Applecross facility and the production of large smolt are key to improving smolt quality and survival. With the increasing release of higher-quality, larger smolt from Applecross in 2025, this risk is expected to decrease, leading to better fish health and performance in the seawater phase.

Cybersecurity

Bakkafrost faces growing cyber threats, including ransomware and data breaches, which could lead to financial losses, reputational damage, and data corruption. The company's expansion, including recent acquisitions, has increased its digital footprint and exposure to cyber risks. Additionally, as hatchery operations grow, the complexity of IT and control systems (ICS) increases, making security a key priority.

While Bakkafrost has not experienced major cyber incidents, it is a potential target. The company assumes threats will occur and takes a proactive approach to minimize risks.

How this risk is managed

Bakkafrost has implemented strong cybersecurity and IT protections, including:

- Data Protection: Regular backups and offsite storage to prevent data loss.
- System Security: 24/7 monitoring, secure data centers, and up-to-date security software.
- Access Controls: Stricter system access and security improvements, especially in hatcheries.
- Incident Preparedness: Regular security audits, risk assessments, and ongoing ISO 27001 certification.

Shareholder Information

Information to shareholders has a high priority in Bakkafrost. The company aims to maintain a regular dialogue with the Group's shareholders through the formal channel of stock exchange announcements, interim reports, annual reports, annual general meetings and presentations to investors and analysts.

AUDITORS

The consolidated accounts have been audited by P/F Januar, løggilt grannskoðanarvirki (State Authorized Public Accountants), which is also the auditor of the parent company and all its subsidiaries, registered in the Faroe Islands. Auditor for subsidiaries are:

- Bakkafrost UK Ltd is Azets, Glasgow
- Bakkafrost Scotland Ltd is Azets, Glasgow
- Bakkafrost USA LLC is Kotulak & Company, Clifton, New Jersey
- Munkebo A/S is Beierholm, Aarhus
- SARL Faroe France, Terninck Laurent, Saint Omer.

DIVIDEND POLICY

Bakkafrost aims to give its shareholders a competitive return on their investment, both through payment of dividends from the company and by securing an increase in the value of the equity through positive operations.

Generally, the company should pay dividends to its shareholders, but it is the responsibility of the Board of Directors to make an overall assessment to secure the company a healthy capital base, both for the daily operations and for healthy future growth of the company.

A long-term goal for the Board of Directors is that 30–50% of adjusted EPS shall be paid out as dividends.

Bakkafrost's financial position is strong with a healthy balance sheet, competitive operation and undrawn available credit facilities.

PARENT COMPANY'S FINANCIAL STATEMENTS ANDALLOCATION OF PROFIT FOR THE YEAR

The parent company P/F Bakkafrost had a net profit of DKK 1,542 million for 2024. The Board of Directors has decided to propose to the Annual General Meeting that DKK 8.44 (approximately NOK 13.17*) per share shall be paid out as dividends. This corresponds to DKK 501 million (NOK 781* million).

The Board thereby proposes the following allocation of funds:

Result for 2024: DKK 1,542 million
Transferred to other equity: DKK 1,042 million
Total provision for dividends: DKK 501 million

After the payment of dividends, the distributable equity totals DKK 11,225 million.

SHAREHOLDERS, CAPITAL ANDVOTES

P/F Bakkafrost had on 31 December 2024, a total of 59,304,619 shares outstanding, each with a nominal value of DKK 1. Of the 59,304,619 shares outstanding, P/F Bakkafrost holds 34,315 treasury shares per 31 December 2024.
Ticker code: BAKKA

LARGEST SHAREHOLDERS

These shareholders held directly or indirectly more than 5% of the shares in the company per December 2024:

- Folketrygdfondet
- Regin Jacobsen
- Oddvør M. Jacobsen
- State Street Bank and Trust Comp

** The dividend per share in NOK is subject to changes, depending on the currency rate NOK/DKK. The currency rate NOK/DKK will be announced on ex-date.*

Directors' Profiles

RÚNI M. HANSEN
Chairman of the Board - term expires in 2025
Non-executive member

Born 1967. Faroese citizen. Mr. Hansen became Chairman of Bakkafrost in 2009, ahead of the company's listing on the Oslo Stock Exchange in 2010. He also serves as Executive Chairman of Tjaldur, an industry holding company that was instrumental in the reconstruction of the Faroese salmon farming sector in 2005. He is not considered to be independent.

Education: MSc. in Economics and Business Administration, Copenhagen Business School. Postgraduate, Lancaster University.

Board meetings in 2024: Participated in all 9 Board meetings in 2024.

Number of shares held in Bakkafrost: Holds 10,761 shares at year-end 2024 – no change in portfolio in 2024.

Experience: Mr Hansen brings extensive international leadership experience, with deep expertise in the seafood and energy industries and a broad understanding of global business dynamics. He spent several years at Equinor, a global energy company, where he served as a member of the Exploration Executive team, and also held positions such as Manager, Commercial and Negotiation for Europe and North Africa. Throughout his career, he has worked from London, Copenhagen, Oslo and the Faroe Islands. Mr Hansen is a member of the UN Global Compact's Platform for Sustainable Ocean Business. He serves as Chairman of the Board at Mintra, a company specialising in digital learning and human capital management systems for safety-critical industries.

Expertise: International Leadership • Finance • ESG (Environmental, Social, Governance) • Corporate Governance • Risk management

TEITUR SAMUELSEN
Board member - term expires in 2025
Non-executive member

Born 1972. Faroese citizen. Managing Director at P/F Eystur- og Sandoyartunlar and P/F Suðuroyartunnilin. Mr Samuelsen joined the Board in 2016 and is considered to be independent.

Education: MSc. in Business Economics & Auditing, Copenhagen Business School.

Board meetings in 2024: Participated in all 9 Board meetings in 2024.

Number of shares in Bakkafrost: Holds 100 shares at year-end 2024 – no change in portfolio in 2024.

Experience: Mr Samuelsen has extensive experience in accounting and finance. He has worked at KMPG and Dong E&P in Denmark and has been CFO at Atlantic Petroleum (2005-2009) and Bakkafrost (2009-2014). Mr Samuelsen is presently a member of the Board of Directors at Betri Trygging and Grannskoðara eftirlitið, and holds the position as Chairman of the Board of Directors at Bústaðir.

Expertise: Finance • Product Development and Innovation • Sustainable Finance • Risk Management • Corporate Governance

ANNIKA FREDERIKSBERG
Board member - term expires in 2025
Non-executive member

Born 1971. Faroese citizen. Employed as Sales Manager at Bakkafrost. Mrs Frederiksberg joined the Board in 2008 and is not considered to be independent.

Education:
Basic Vocational Course, Commercial Line, Faroese Business School.

Board meetings in 2024:
Participated in all 9 Board meetings in 2024.

Number of shares in Bakkafrost: Holds directly and indirectly 17,091 shares at year-end 2024 – change in portfolio in 2024: +310 shares.

Experience: Mrs Frederiksberg has extensive experience in the salmon industry and sales. For over 30 years, she has been part of Bakkafrost's administration and sales teams.

Expertise: Sales • Communications • Marketing • Food Safety • Aquaculture • Product Development and Innovation

ØYSTEIN SANDVIK
Board member - term expires in 2025
Non-executive member

Born 1948. Norwegian citizen. Mr. Sandvik joined the Board in 2013 and is considered to be independent.

Education: Bank Economist.

Board meetings in 2024: Participated in all 9 Board meetings in 2024.

Number of shares in Bakkafrost: Holds no shares at year-end 2024 – no change in portfolio in 2024.

Experience: Mr Sandvik has extensive experience in the finance sector and seafood. He has held several positions at Nordea Bank Norge within fish farming and fishery. Mr Sandvik is presently a member of the Board of Directors of Coldwater Prawns of Norway AS, Coldwater Prawns Production AS and Drevik International AS.

Expertise: Finance • Corporate Governance • Risk Management

EINAR WATHNE
Board member - term expires in 2025
Non-executive member

Born 1961. Norwegian citizen. Mr Wathne joined the Board in 2019 and is considered to be independent.

Education: Master in Animal Nutrition at NMBU, Ph.D. in Aquaculture at NMBU, MBA at Handelshøyskolen BI

Board meetings in 2024: Participated in 8 Board meetings in 2024.

Number of shares in Bakkafrost: Holds no shares at year-end 2024 – no change in portfolio in 2024.

Experience: Mr Wathne has extensive experience in the seafood business. Mr Wathne has held positions as CEO in Cargill and EWOS. Presently, he is an Assistant Professor at the Norwegian University of Life Science (NMBU) is the chairman of the board for NCE Seafood Innovation, and a member of the board of Directors of Co2bio; he is also a consultant/Advisor for Hatch Accelerator Holding.

Expertise: Feed • Product Development and innovation • Aquaculture • Nutrition • ESG (Environmental, Social, Governance) • Food Safety

GUÐRIÐ HØJGAARD
Board member - term expires in 2025
Non-executive member

Born 1972. Faroese citizen. Mrs Højgaard is currently CEO of Visit Faroe Islands and previously Marketing Director of Visit Stockholm. Mrs Højgaard joined the board in 2022 and is considered to be independent.

Education: MSc. in Business Administration & International Marketing, Copenhagen Business School and Stockholm University.

Board meetings in 2024: Participated in all 9 Board meetings in 2024.

Number of shares in Bakkafrost: Holds no shares at year-end 2024 – no change in portfolio in 2024.

Experience: Mrs Højgaard has extensive experience from international marketing and branding. She has worked in the travel and tourism industry in Sweden, Denmark and the Faroe Islands. Mrs. Højgaard is presently a member of the Board of Directors at P/F Postverk Føroya and The Faroese Business Development Fund (Framtak).

Expertise: Marketing • Sales • Communications • ESG (Environment, Social, Governance) • Product Development and innovation • Finance

ALF-HELGE AARSKOG
Board member - term expires in 2025
Non-executive member

Born 1967. Norwegian citizen. Mr Aarskog joined the Board in 2024 and is considered to be independent.

Education: Master in Aquaculture at NMBU, Additional Leadership education from Harvard Business School

Board meetings in 2024: Participated in all 9 Board meetings in 2024.

Number of shares in Bakkafrost: Holds 300 shares at year-end 2024 – no change in portfolio in 2024:

Experience: Mr. Aarskog has extensive experience in the seafood business. Mr Aarskog has held positions as CEO of Lerøy Seafood Group and Marine Harvest/Mowi. Mr Aarskog is presently an Assistant Professor at the Norwegian University of Life Science (NMBU) and holds board positions at Samherji Fiskieldi, Innovafeed, Bluefront Equity, Grieg Maturitas and others.

Expertise: Aquaculture • Seafood • Product Development and innovation • ESG (Environmental, Social, Governance) • Risk Management • Corporate Governance • Sustainable Finance

Group Management Profiles

REGIN JACOBSEN
Chief Executive Officer

Born 1966. Faroese citizen. Mr Jacobsen has been Chief Executive Officer of Bakkafrost since 1989.

Education:
Graduate Diploma in Business Administration and Accounting (HD-R), Aarhus School of Business.

Number of shares in Bakkafrost:
Holds 4,641,985 shares at year-end 2024.
Changes in portfolio in 2024: +1,704 shares.

Experience:
Mr Jacobsen has extensive experience in the salmon industry and finances. He was the Financial Manager of Bakkafrost before he became Chief Executive Officer of Bakkafrost.
Over the past 35 years, Mr Jacobsen has accumulated extensive experience in strategy review and change. During this time, Mr Jacobsen has been instrumental in developing Bakkafrost's extensive value chain, emphasising differentiation and competitive advantage.

HØGNI DAHL JAKOBSEN
Chief Financial Officer

Born 1972. Faroese & Swedish citizen. Mr Jakobsen has been Chief Financial Officer of Bakkafrost since 2019.

Education:
Business Design, Henley Business School.
MSc in Business Administration and Computer Science (cand. merc.dat), Copenhagen Business School.

Number of shares in Bakkafrost:
Holds directly and indirectly 78,225 shares at year-end 2024.
Changes in portfolio in 2024: +1,589 shares.

Experience:
Mr Jakobsen has extensive experience in the salmon industry, finances and the management consulting sector. Before joining Bakkafrost, he has held positions as Senior Partner in Quorum Consulting and been Management Consultant at PA Consulting Group.

ODD ELIASEN
Managing Director of Havsbrún

Born 1965. Faroese citizen. Mr Eliasen has been Managing Director of Havsbrún since 2012.

Education:
Teacher Certificate Exam, University of the Faroe Islands.

Number of shares in Bakkafrost:
Holds 187,922 shares at year-end 2024.
Changes in portfolio in 2024: +1,210 shares.

Experience:
Mr Eliasen has broad experience in the fish farming industry and has been an active player in restructuring the fish farming industry in the Faroe Islands. He has been responsible for Havsbrún's farming activities and has held various board positions in the industry. Mr Eliasen was a board member of Bakkafrost from 2006 to 2012.

Performance

In this section

Financial Review

INCOME STATEMENT

In 2024, the Bakkafrost Group generated gross operating revenues of DKK 7,334 million, which is a slight increase compared to DKK 7,141 million in 2023.

The Group achieved lower salmon prices on salmon and value-added products in 2024 compared to 2023, however there was a 24% increase in harvested volumes of salmon in 2024 compared to 2023, with higher volumes in both the Faroe Islands and Scotland. The Group harvested a total of 90,657 tonnes gutted weight, compared to 73,006 tonnes in 2023. Sales of value-added products decreased by 39% in 2024. External revenue from the sale of fishmeal and fish oil decreased in 2024 compared to 2023, which was a record-high year.

The average feed price during 2024 was lower than the average feed price in 2023. The reason for the decrease in the feed price is the decreasing cost of the raw material for fish oil and fishmeal, which are the main ingredients in Bakkafrost's salmon feed. The fluctuations in the feed prices will be reflected in the production costs for salmon.

Operational EBIT was DKK 1,550 million in 2024, compared to DKK 1,544 million in 2023. A negative fair value adjustment of the Group's biological assets has been recognized in 2024, amounting to DKK 369 million, compared to a negative adjustment of DKK 142 million in 2023.

In 2024, the Group's associated companies made a net result to Bakkafrost of DKK 47 million, compared to DKK 71 million in 2023.

Net interest expenses amounted to DKK -200 million, compared to DKK -185 million in 2023. Net currency effects amounted to DKK 35 million, compared to DKK 3 million in 2023.

Net taxes amounted to DKK -207 million, compared to DKK -193 million in 2023.

The consolidated net profit totalled DKK 645 million in 2024, compared to DKK 955 million in 2023. Earnings per share totalled DKK 10.88 in 2024, compared to DKK 16.14 in 2023.

DKK 1,000	2024	2023
Operating revenue	**7,333,674**	**7,140,849**
Purchase of goods	-1,490,413	-2,401,063
Change in inventory and biological assets (at cost)	-714,552	141,200
Salary and personnel expenses	-881,926	-862,670
Other operation expenses	-2,072,203	-1,875,239
Depreciation	-704,306	-637,209
Other income	79,418	37,942
Operational EBIT	**1,549,692**	**1,543,810**
Fair value adjustments of biological assets	-368,909	-141,665
Income from associates	46,964	70,652
Revenue tax	-221,945	-152,836
EBIT	**1,005,802**	**1,319,961**
EBT	**851,634**	**1,148,351**
Taxes	-206,839	-193,135
Profit or loss for the period	**644,795**	**955,216**

STATEMENT OF FINANCIAL POSITION

The Group's total assets as at end 2024 amounted to DKK 17,674 million, compared to DKK 17,841 million at the end of 2023.

The Group's intangible assets amounted to DKK 4,518 million at the end of 2024, compared to DKK 4,509 million at the end of 2023. Intangible assets comprise primarily of the acquisition of Bakkafrost Scotland Ltd., the fair value of acquired farming licenses in Scotland and the Faroe Islands.

Total property, plant, and equipment, including right of use assets, amounted to DKK 7,054 million at the end of 2024, compared to DKK 6,634 million at the end of 2023. In 2024, Bakkafrost made investments in PP&E amounting to DKK 1,026 million, compared to DKK 1,062 million in 2023. The most significant investments, Bakkafrost carried out in 2024, were in hatcheries and a new feed line. Other investments relate mainly to maintenance investments.

Property, plant, and equipment amounted to DKK 6,733 million at the end of 2024, compared to DKK 6,220 million at the end of 2023 and right of use assets amounted to DKK 321 million at the end of 2024, compared to DKK 413 million at the end of 2023.

Investments in associated companies and stocks and shares amounted to DKK 335 million at the end of 2024, compared to DKK 289 million at the end of 2023. Deferred tax assets amounted to DKK 590 million at the end of 2024, compared to DKK 512 million at the end of 2023.

The Group's total inventory, including biological assets, amounted to DKK 3,810 million at the end of 2024, compared to DKK 4,484 million at the end of 2023.

The Group's carrying amount (fair value) of biological assets amounted to DKK 3,139 million at the end of 2024, compared to DKK 3,336 million at the end of 2023. Included in the carrying amount of the biological assets is a fair value adjustment amounting to DKK 373 million, compared to DKK 741 million at the end of 2023.

The Group's inventories amounted to DKK 671 million as at year-end 2024, compared to DKK 1,149 million as at year-end 2023. The inventory primarily represents Havsbrún's inventory of fishmeal, fish oil and fish feed in addition to finished VAP products, packing materials and other raw materials.

The Group's total receivables amounted to DKK 887 million as at year-end 2024, compared to DKK 1,001 million as at year-end 2023.

Cash and cash equivalents at year-end 2024 amounted to DKK 481 million, compared to DKK 412 million at year-end 2023.

The Group's equity at the end of 2024 was DKK 11,157 million, compared to DKK 10,866 million at the end of 2023. The main movement in the equity is due to increase of share capital amounting to DKK 77 million, the positive result of DKK 645 million and a dividend payout of DKK 515 million.

DKK 1,000	2024	2023
Intangible assets	4,517,763	4,509,334
Property, plant and equipment	7,054,153	6,633,758
Financial assets	924,800	801,186
NON-CURRENT ASSETS	**12,496,716**	**11,944,278**
Inventory	3,809,592	4,484,358
Receivables	887,321	1,000,851
Cash and cash equivalents	480,506	411,674
CURRENT ASSETS	**5,177,419**	**5,896,883**
ASSETS	**17,674,135**	**17,841,161**
Equity	**11,156,667**	**10,865,854**
Deferred taxes	2,036,551	1,952,668
Long-term interest-bearing debt	3,480,527	3,944,498
Long-term leasing debt	233,897	331,115
Non-current liabilities	**5,750,975**	**6,228,281**
Trade payables	433,092	387,615
Current tax liabilities	186,364	210,367
Short-term leasing debt	64,856	65,848
Other current liabilities	78,734	83,196
Current liabilities	**766,493**	**747,026**
Total liabilities	**6,517,468**	**6,975,307**
EQUITY AND LIABILITIES	**17,674,135**	**17,841,161**

The Group's total non-current liabilities amounted to DKK 5,751 million at the end of 2024, compared to DKK 6,228 million at the end of 2023. Deferred taxes amounted to DKK 2,037 million, compared to DKK 1,953 million at the end of 2023.

Long-term debt was DKK 3,481 million at the end of 2024, compared to DKK 3,945 million at the end of 2023.

At the end of 2024, the Group's total current liabilities were DKK 766 million, compared to DKK 747 million at the end of 2023.

Trade payable amounted to DKK 430 million, compared to DKK 388 million at the beginning of the year.

Long- and short-term leasing debt amounted to DKK 299 million at the end of 2024, compared to DKK 397 million at the end of 2023. Bakkafrost's equity ratio was 63% at the end of 2024, compared to 61% at the end of 2023.

CASH FLOW

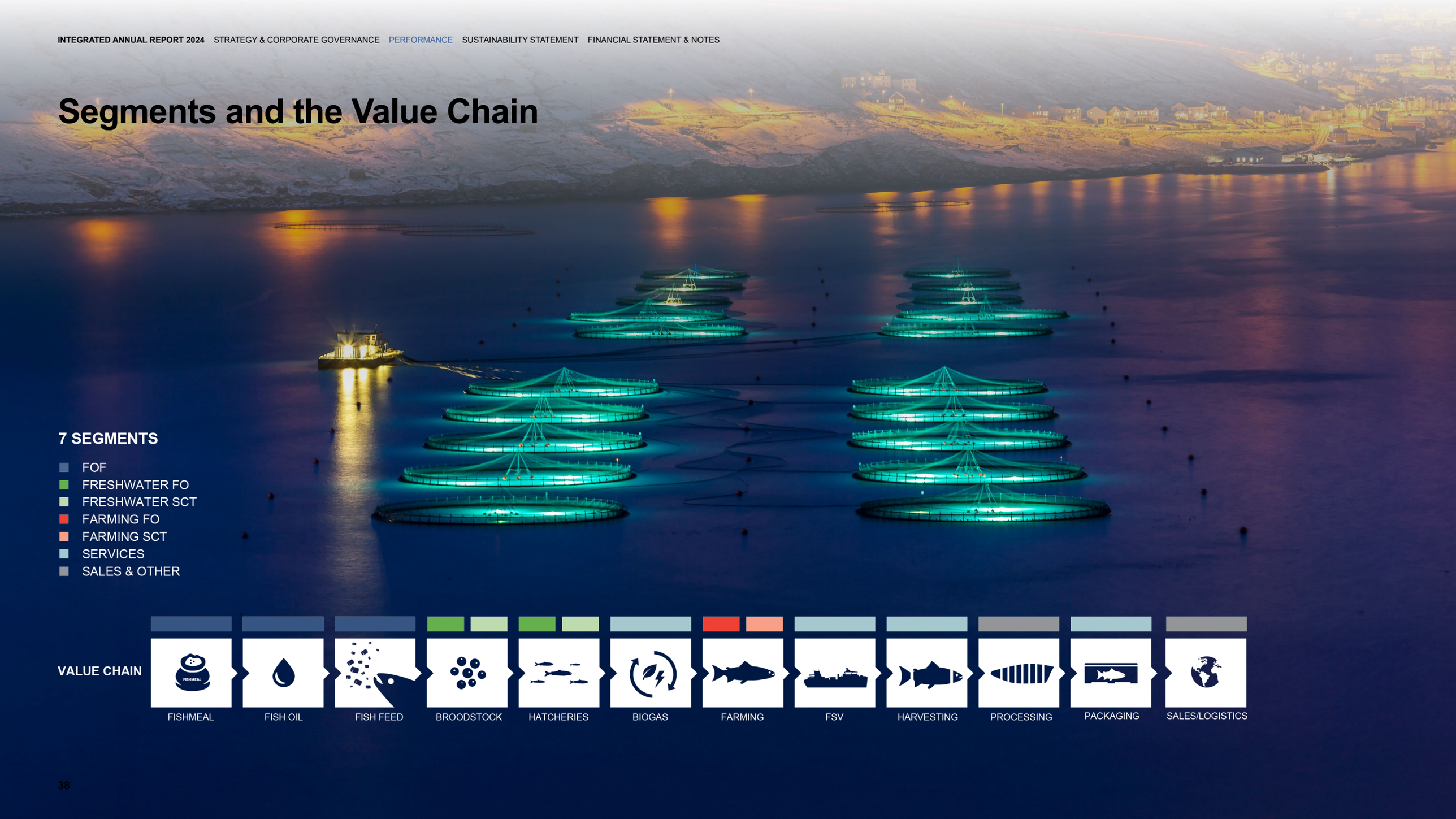
The total cash flow from operations in 2024 was DKK 2,355 million, compared to DKK 1,023 million in 2023. The cash flow from operations in 2024 is primarily due to positive results. Paid taxes and change in inventory and current debts had a negative effect on the cash flow from operations in 2024. Cash flow from investment activities amounted to DKK -1,014 million, compared to DKK -1,044 million in 2023.

For 2024, cash flow from financing amounted to DKK -1,272 million, compared to DKK -287 million for 2023. The change in long-term interest-bearing debt of DKK -465 million had a negative effect on the cash flow from financing in 2024. Other 2024 figures include dividend paid of DKK 515 million, lease payments of DKK 126 million and financial expenses of DKK 209 million.

With the established credit facilities, the Group's liquidity and financial strength is considered good. Bakkafrost had undrawn credit facilities of approximately DKK 2,386 million at the end of 2024.

DKK 1,000	2024	2023
EBIT	**1,005,802**	**1,319,961**
Cash flow from operations	2,354,915	1,022,722
Cash flow from investments	-1,014,269	-1,043,846
Cash flow from financing	-1,271,814	-286,805
Cash and cash equivalents – opening balance	411,674	719,603
Cash and cash equivalents – closing balance total	**480,506**	**411,674**

Segments and the Value Chain



7 SEGMENTS

- FOF
- FRESHWATER FO
- FRESHWATER SCT
- FARMING FO
- FARMING SCT
- SERVICES
- SALES & OTHER

VALUE CHAIN

FOF Segment

The FOF segment consists of the production and sale of fishmeal, fish oil and fish feed. The production is operated by Bakkafrost's subsidiary Havsbrún, located in Fuglafjørður. Fishmeal and oil are in part used internally to produce fish feed for the Farming and Freshwater segments. Any surplus from the production of fishmeal and fish oil will be sold externally.

Bakkafrost sources marine raw materials to produce high quality fishmeal and fish oil. In addition to sourcing industrial fish, unviable to produce for human consumption, we also source all fish trimmings and fish silage from the Faroese pelagic fishing industry. The demands to high quality fish-material combined with our processing technology enable us to manufacture top-quality fishmeal, fish oil and fish feed. The fish material comes mainly from Faroese vessels and fish processing factories, as well as foreign vessels operating in the North Atlantic.

As producers of our own high-quality fish feed ingredients, we are uniquely positioned to select the very best fishmeal and fish oil for our feed production. Bakkafrost has strategically chosen to maintain a substantially higher marine inclusion in the salmon feed, compared to peers in the industry. The fish species which we transform to fishmeal and fish oil constitutes a part of the natural food sources which wild salmon eats. Thus, the main ingredients in our dietary feed composition provides a foundation for healthy and efficient growth for our farmed salmon. Bakkafrost's strategy is to maintain a high fish oil content in the feed, resulting in salmon with a high Omega-3 content.

DKK 1,000	2024	2023	Change
Financial			
Total revenue	**2,730,540**	**3,488,735**	***-22%***
EBIT	548,515	862,146	*-36%*
Operational EBIT	501,979	791,461	*-37%*
Operational EBIT-margin	18%	23%	
Volumes (tonnes)			
Total Feed sold	140,361	127,775	*10%*
- Feed internal sale FO	99,125	84,474	*17%*
- Feed internal sale SCT	39,299	39,847	*-1%*
- Feed external sale	1,937	3,454	*-44%*
Fishmeal external sale	39,716	63,063	*-37%*
Fish oil external sale	4,332	18,924	*-77%*
Received raw material	309,502	467,037	*-34%*
Fishmeal production	66,414	101,976	*-35%*
Fish oil production	10,919	34,786	*-69%*

VOLUMES

The FOF segment has maintained a consistent intake of raw materials for fishmeal and fish oil production over the past few years. In 2024, there was a decrease in the intake of raw materials, compared to 2023. But this is more in line with previous years. In 2024, the FOF segment sourced 309,502 tonnes of raw material, compared to 467,037 tonnes in 2023, which corresponds to a decrease of 34%.

The production of fishmeal in 2024 was 66,414 tonnes, compared to 101,976 tonnes in 2023, a decrease of 35%. The production of fish oil in 2024 was 10,919 tonnes, compared to 34,786 tonnes in 2023, a decrease of 69%. In 2025 Bakkafrost expects continued high production volumes of fishmeal and normalisation of fish oil production volumes.

The FOF segment sold 140,361 tonnes of feed in 2024, compared to 127,775 tonnes in 2023. Bakkafrost used 138,424 tonnes of sold feed in 2024 internally, corresponding to 99%. The internal use in 2023 was 124,321 tonnes, corresponding to 97%.

FINANCIAL PERFORMANCE

Total revenues for the FOF segment in 2024 amounted to DKK 2,731 million, compared to DKK 3,489 million in 2023, a decrease of 22%.

The external operating revenue for the FOF segment amounted to DKK 697 million in 2024, compared to DKK 1,576 million in 2023. The decrease in external revenue from 2023 to 2024 was mainly due to lower external sale of fishmeal and oil.

The internal revenue in 2024 amounted to DKK 2,034 million, compared to DKK 1,912 million in 2023. The internal revenue comprises the sales of feed to Bakkafrost's farming activities, both in Scotland and the Faroe Islands

Operational EBIT was DKK 502 million in 2024, compared to DKK 791 million in 2023, and the operational EBIT margin was 18% in 2024, compared to 23% in 2023.

Freshwater Segments

There are two similar Freshwater segments – one in the Faroe Islands and one in Scotland. The two Freshwater segments both include broodstock and smolt production in hatcheries on land. In the broodstock operation, eggs are produced from breeding self-owned salmon strains. Eggs are sold to the hatcheries who in turn produce from egg to smolt, which are sold to the Farming operations in the Faroe Islands and Scotland. The Freshwater segments rely on feed from the FOF segment and certain services provided by the Services segment, such as smolt transportation and waste handling for biogas production.

Bakkafrost has broodstock programs in the Faroe Islands and Scotland to maximise biosecurity, breeding, and genetics. These programs enable accelerated development of more resilient eggs, reducing disease risks and protecting intellectual capital.

Bakkafrost has six hatcheries in the Faroe Islands, located in areas with abundant clean fresh water. The hatcheries use closed-water circulation systems with biofilters and are housed indoors with high biosecurity to minimise external factors.

Bakkafrost is replacing current hatcheries in Scotland with one large, modern RAS technology hatchery. The Applecross hatchery is operational and will produce 14-16 million smolts at 250g.

FAROE ISLANDS

DKK 1,000	2024	2023	Change
Financial			
Total revenue	782,053	586,388	*33%*
EBIT	289,113	156,730	*84%*
Operational EBIT	289,113	156,730	*84%*
Operational EBIT/kg (DKK)*	41.24	27.95	*48%*
Operational EBIT-margin	37%	27%	
Volumes			
Smolt Transferred - Pieces	17,082	14,172	*21%*
Smolt Transferred - Avg (g)	410	396	*4%*

* Calculated EBIT per KG transferred smolt

VOLUMES

In 2024, 17.1 million smolts were released into the sea, which is slightly higher than the 14.2 million transferred in 2023.

FINANCIAL PERFORMANCE

In 2024, the operating revenue amounted to DKK 782 million, which represents an 33% increase compared to the DKK 586 million operating revenue in 2023. The operational EBIT per kg of released smolt in 2024 was DKK 41.24, showing an 48% increase from the DKK 27.95 achieved in 2023.

SCOTLAND

DKK 1,000	2024	2023	Change
Financial			
Total revenue	117,258	141,803	*-17%*
EBIT	-98,908	9,174	*N/A*
Operational EBIT	-98,908	9,174	*N/A*
Operational EBIT/kg (DKK)*	-151.79	8.75	*N/A*
Operational EBIT-margin	-84%	6%	
Volumes			
Smolt Transferred - Pieces	5,996	8,993	*-33%*
Smolt Transferred – Avg (g)	109	117	*-7%*

* Calculated EBIT per KG transferred smolt

VOLUMES

In 2024, 6.0 million smolts were released into the sea, compared to 9.0 million transferred in 2023.

FINANCIAL PERFORMANCE

In 2024, the operating revenue amounted to DKK 117 million, which represents a 17% decrease compared to the DKK 142 million operating revenue in 2023. The operational EBIT per kg of released smolt in 2024 was DKK -151.79, compared to 8.75 in 2023.

Farming Segments

Fish farming involves growing salmon in the marine environment from smolt to harvest-ready salmon. The Group has marine farming licenses in the Faroe Islands and Scotland, which are reported as two separate segments - Farming Faroe Islands and Farming Scotland. The Farming segments rely on feed from the FOF segment, and several services provided by the Services segment. These include fish transportation, treatments, net cleaning, harvest, etc. The Farming segments also rely on sales services provided by the Sales & Other segment.

The main goal of the farming operation is to produce salmon at a low feed conversion rate and with low mortality. To reach this goal, Bakkafrost believes the environment is important and therefore does its utmost to create and maintain a healthy environment for the fish. Following national regulations, external agencies undertake environmental investigations at each farming location each year. The result of each survey becomes input data used in the tactical planning to achieve the best environmental and sustainable farming results possible.

Bakkafrost's salmon farming sites benefit from excellent water quality and circulation due to strong currents and cool, steady sea temperatures in the Faroe Islands. The operations in Scotland, are in the unique natural environment of the West Coast of Scotland and the Hebridean Islands.

The fish are kept, fed, and nurtured in large sea pens, providing the fish with abundant space to grow for 13 months on average in the Faroe Islands and for around 16- 22 months in Scotland. During this period, the fish grows to a target weight of approx. 6.3 kg LW in the Faroe Islands and approx. 5.9 kg LW in Scotland.

FAROE ISLANDS

DKK 1,000	2024	2023	Change
Financial			
Total revenue	3,966,854	3,311,614	*20%*
EBIT	489,190	359,977	*36%*
Operational EBIT	749,288	550,793	*36%*
Operational EBIT/kg (DKK)	11.94	10.51	*14%*
Operational EBIT-margin	19%	17%	
Volumes			
Harvested volumes (tgw)	62,776	52,408	*20%*

VOLUMES

The total volumes harvested in Faroe Islands in 2024 were 62,776 tonnes gutted weight compared to 52,408 tonnes gutted weight in 2023 – a change in volume of 20%.

FINANCIAL PERFORMANCE

In 2024, the operating revenue for the Farming Faroe Islands segment was DKK 3,967 million compared to 3,312 million – an increase of 20%. The operational EBIT/kg for 2024 was DKK 11.94 compared to DKK 10.51 – an increase of 14%.

SCOTLAND

DKK 1,000	2024	2023	Change
Financial			
Total revenue	1,841,472	1,452,652	*27%*
EBIT	-429,892	-258,776	*-66%*
Operational EBIT	-99,138	-155,092	*36%*
Operational EBIT/kg (DKK)	-3.56	-7.53	*53%*
Operational EBIT-margin	-5%	-11%	
Volumes			
Harvested volumes (tgw)	27,880	20,598	*35%*

VOLUMES

The total volumes harvested in Scotland 2024 were 27,880 tonnes gutted weight compared to 20,598 tonnes gutted weight in 2023 - a change in volume of 35%.

FINANCIAL PERFORMANCE

In 2024, the operating revenue for the Farming Scotland segment was DKK 1,841 million compared to 1,453 million – an increase of 27%. The operational EBIT/kg for 2024 was DKK -3.56 compared to DKK -7.53 – an increase of 53%.

Services

The Services segment provides several services to the Group. The segment operates a fleet of large Farming Service Vessels (FSV), harvesting services, styrofoam boxes and converts organic waste into energy.

FSV consists of nine fully owned farming service vessels. These vessels are leased to the farming segments - eight are leased to the Faroe Islands and one to Scotland. In addition, Scotland has external leasing of several vessels. The services provided by the vessels include transportation, lice-treatment, net-cleaning and other operations.

Bakkafrost has three harvest factories, two in the Faroe Islands and one in Scotland.

Bakkafrost has one packaging plant, which is located and integrated into the Glyvrar processing facility, providing both packaging for internal use in the Faroe Islands and to external customers.

The biogas plant uses waste products from our farms and other fish and dairy farmers to produce renewable energy and fertiliser.

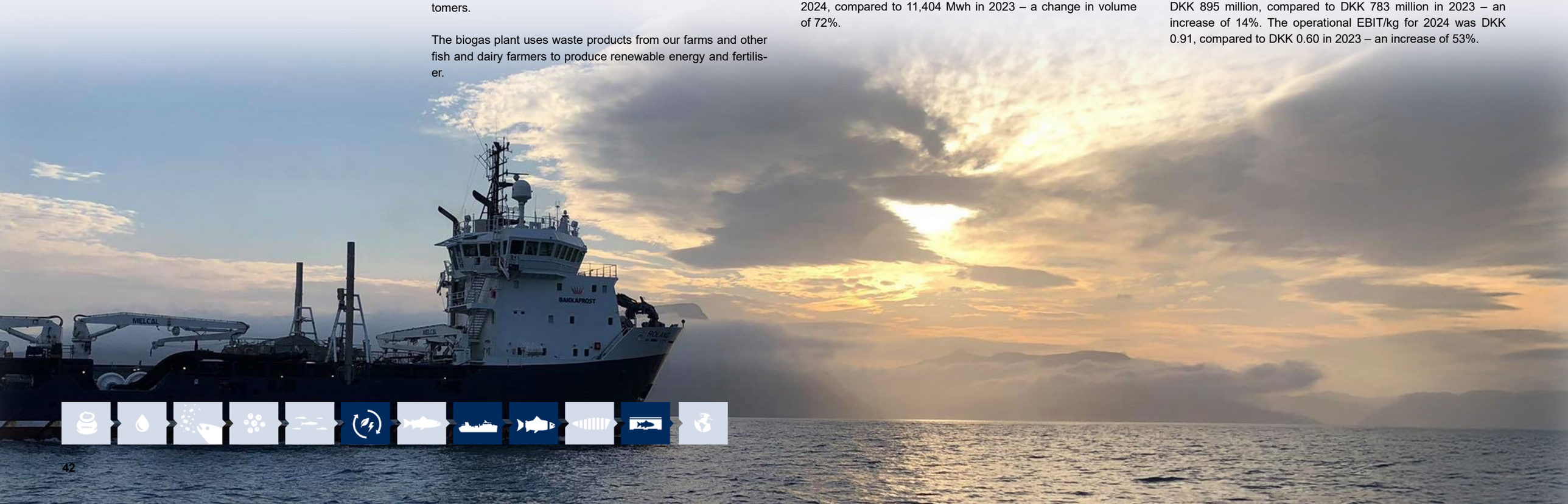
DKK 1,000	2024	2023	Change
Financial			
Total revenue	894,608	782,865	*14%*
EBIT	82,741	43,550	*90%*
Operational EBIT	82,528	43,550	*90%*
Operational EBIT/kg (DKK)	0.91	0.60	*53%*
Operational EBIT-margin	9%	6%	
Volumes			
Total Energy produced (Mwh)	19,631	11,404	*72%*
Harvested Volumes (tgw)	90,656	73,006	*24%*

VOLUMES

The biogas plant Förka produced 19,631 Mwh of energy in 2024, compared to 11,404 Mwh in 2023 – a change in volume of 72%.

FINANCIAL PERFORMANCE

In 2024, the operating revenue for the Services segment was DKK 895 million, compared to DKK 783 million in 2023 – an increase of 14%. The operational EBIT/kg for 2024 was DKK 0.91, compared to DKK 0.60 in 2023 – an increase of 53%.



Sales & Other

The Sales & Other segment consists of all external sales of fresh salmon and production and sales of VAP (Value-Added-Products). The segment also provides logistical services, administration, marketing, and branding for the Group. The segment mainly relies on salmon from the farming segment.

The segment actively enhances the overall sales performance and value optimisation of salmon product portfolios. This entails coordinating production schedules, synchronising sales projections, strategically responding to market dynamics, and ensuring products are tailored to meet customer needs.

Bakkafrost has a long-term strategy to produce and sell value-added products (VAP), representing around 40% of the Faroese harvested volumes. The sales of VAP products stabilise the Group's earnings through fixed-price contracts, which are less volatile than spot market prices. In 2024, Bakkafrost adjusted its VAP strategy due to changes in the Faroese revenue tax, reducing exposure. The signed contracts now cover 9% of the expected harvest volumes for the Faroe Islands and Scotland combined.

The most important markets are the European, US, and Chinese markets. Generally, the whole fish from the Faroe Islands is sold on the spot market. The VAP products are sold on long-term contracts.

The distribution network is based on transportation by ship, truck and/or train to Europe and by plane to the US and China. Bakkafrost can distribute both fresh and frozen fish to various markets.

In 2024, FarCargo, a subsidiary of Bakkafrost, started utilizing its aircraft to transport fresh salmon directly from the Faroe Islands to the US market within a few hours.

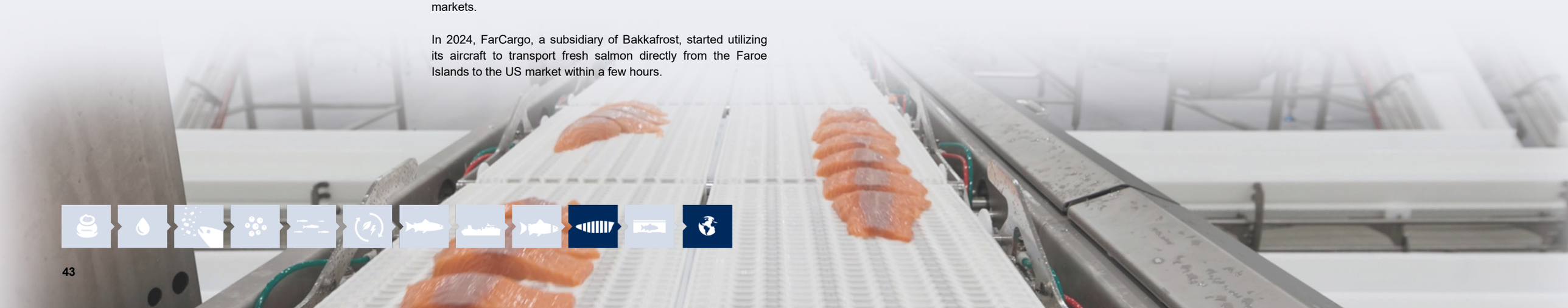
DKK 1,000	2024	2023	Change
Financial			
Total revenue	10,212,130	9,272,817	*10%*
EBIT	209,302	210,359	*-1%*
Operational EBIT	209,088	210,393	*-1%*
Operational EBIT/kg (DKK)	2.31	2.88	*-20%*
Operational EBIT-margin	2%	2%	
Volumes			
Harvested Volumes (tgw)	90,656	73,006	*24%*
Farming FO transferred to VAP (tgw)	13,666	22,787	*-40%*
VAP produced (tgw)	13,740	22,650	*-39%*
FO Harvested volumes used in VAP production	22%	43%	
FO Harvested volumes sold fresh/frozen	78%	57%	

VOLUMES

Total volumes harvested in 2024 for Bakkafrost Group were 90,656 tonnes gutted weight, compared to 73,006 tonnes gutted weight in 2023 – a change in volume of 24%. In the Faroes the split between VAP and Fresh was 22% VAP and 78% Fresh, compared to 43% VAP and 57% fresh in 2023. VAP produced 13,740 tonnes gutted weight in 2024, compared to 22,650 tonnes gutted weight in 2023 – a change in volume of -39%.

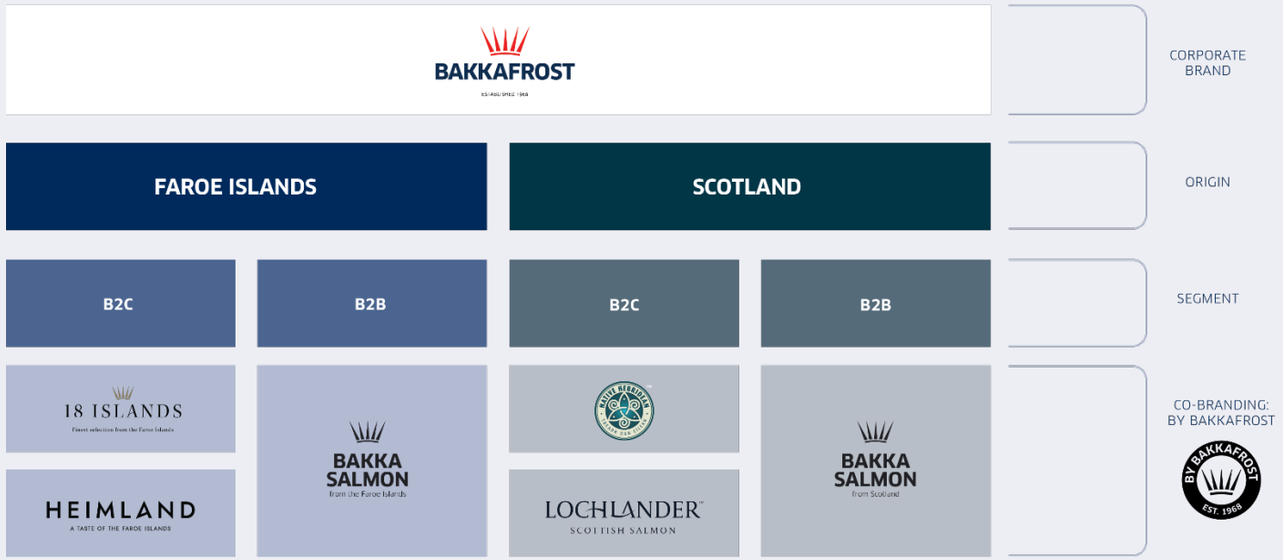
FINANCIAL PERFORMANCE

In 2024, the operating revenue for the Sales & Other segment was DKK 10,212 million, compared to DKK 9,273 million in 2023. The total revenue for the Sales & Other segment increased in 2024 compared to 2023, primarily due to increased volumes.

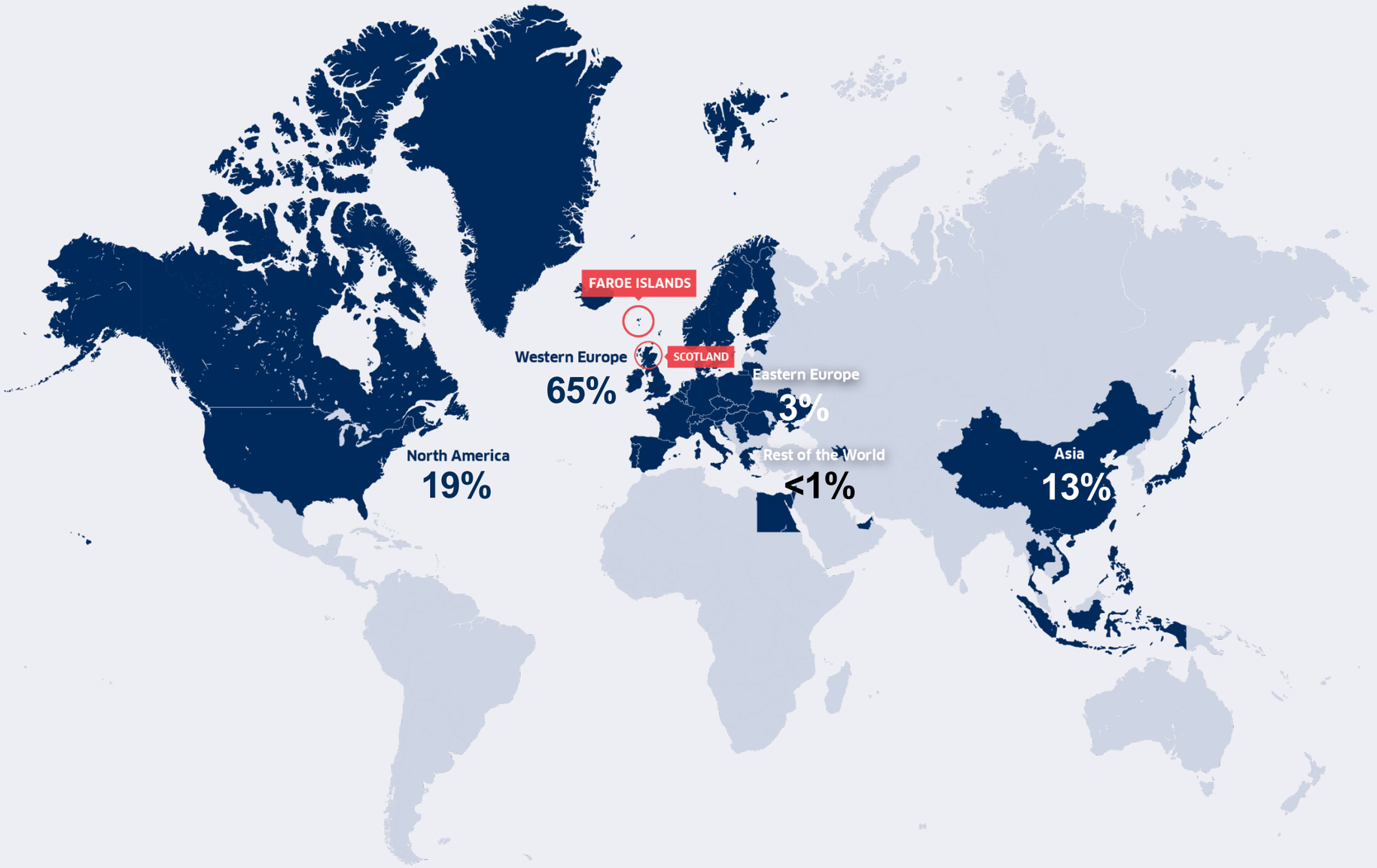


Bakkafrost Brands

All salmon from Bakkafrost is sold under the Bakkafrost main brand. Depending on the origin of the salmon, customer segment and product or quality, co-branded sub-brands are used.



Markets Served



Research and Development

The Faroese aquaculture industry has significantly transformed in the past decade, with Bakkafrost playing a pivotal role. Bakkafrost's commitment to research and development (R&D) has driven sustainable growth in the Faroe Islands and Scotland, where key innovations are being implemented to enhance operations.

Approach
At Bakkafrost, R&D is at the core of operations, ensuring continuous improvements in farming practices, fish health, and environmental sustainability. Efforts span the entire value chain, from broodstock development and feed optimization to advancements in fish welfare and sustainable packaging solutions. These initiatives drive efficiency and reinforce Bakkafrost's competitive advantage.

To support these ambitions, Bakkafrost has built a strong team of experts, including (but not limited to):

- Veterinarians
- Animal biologists
- Technical specialists
- Data scientists
- Fish health experts
- Smolt developers

R&D RELATED ACTIVITIES

DKK 1,000	2024	2023
Total R&D activities	**378,790**	**509,227**
% Faroe Islands	*35%*	*58%*
% Scotland & other	*65%*	*42%*

Performance
In 2024, Bakkafrost invested 379 million DKK in R&D, down from 509 million DKK in 2023, underscoring its commitment to innovation.

R&D-related activities are recognised following the same R&D Expenditure Credit (RDEC) claim used for tax credits for Bakkafrost Scotland. The policy is crafted by a certified external consultant firm and approved by related parties for the Scottish governmental tax credit.

Innovation and Sustainability
Bakkafrost continuously invests in innovative solutions to address industry-wide challenges. The broodstock development program focuses on refining breeding strategies to improve disease resistance, enhance survival rates, and optimise growth efficiency. Through extensive research, Bakkafrost aims to develop robust salmon strains with improved resilience against common health challenges.

Sea lice management remains a priority, and Bakkafrost has implemented non-medicinal treatments alongside advanced monitoring systems to minimise sea lice prevalence while enhancing fish welfare. The focus on feed efficiency has led to ongoing research into alternative protein sources, ensuring high omega-3 levels while reducing environmental impact. Circular economy solutions, such as the FÖRKA biogas plant, further reinforce sustainability by converting organic waste into renewable energy and sustainable fertiliser, contributing to a more responsible and efficient production cycle.

Technology plays a crucial role in sustainability initiatives. Investments in real-time environmental monitoring and autonomous plankton analysis enable data-driven decision-making, ensuring optimal fish health and minimising environmental impact. A key example is the Grønarók fully electric workboat, developed in collaboration with the Nordic Council of Ministers, the Faroese Government, and SEV. This vessel operates on excess renewable energy, reducing greenhouse gas emissions while supporting sustainable aquaculture practices.

Broodstock Development
Bakkafrost has intensified investment in developing broodstock of Faroese origin. Notably, the first generations were successfully produced in a controlled environment within the Faroe Islands. This milestone allowed Bakkafrost to meticulously collect data on critical quality parameters, including Cardiomyopathy Syndrome (CMS) resistance and overall survival—essential for the breeding program. Further ongoing breeding work is in progress, with preliminary results promising a strong parental strain with specific resistance to several important traits.

Fish Health & Welfare Projects
Bakkafrost actively participates in research projects aimed at enhancing fish health and welfare. Through its involvement in the Global Salmon Initiative, Bakkafrost is working to develop an industry standard for health and welfare. The DigiHeart project is focused on one of the aquaculture industry's biggest challenges: heart diseases in salmon. This project seeks to understand the morphology of the heart and define the optimal shape for a healthy salmon heart.

Cardiomyopathy Syndrome (CMS) remains a concern, as it reduces fish tolerance to stress. Bakkafrost has implemented CMS-resistant smolt across the Faroese farming sites, with the first generation of Faroese-bred salmon harvested in 2020. This has allowed Bakkafrost to collect valuable data on CMS resistance and survival, forming a crucial part of the breeding program.

In Scotland, Bakkafrost's fish health team collaborates with institutions such as the University of the West of Scotland, WellFish Diagnostics, Vertebrate Antibodies Limited, and the University of Aberdeen's Scottish Fish Immunology Research Centre. Together, these partners are developing antibodies to detect key immune markers in fish blood that indicate responses to health challenges.

Ongoing work in gill health includes scoring gills for Amoebic Gill Disease (AGD) and screening for pathogens. The company has also intensified its pathogen monitoring and screening through eDNA analysis of filtered sedation water during sea lice counting.

Environmental Impact Projects
Bakkafrost is committed to responsible environmental stewardship and participates in multiple projects to minimise aquaculture's impact on ecosystems. In partnership with Fiskaaling, an aquaculture research station, Bakkafrost studies the interactions between salmon farming and wild trout populations. Additionally, Bakkafrost is working on a modelling system for ocean currents in Faroese fjords through collaboration with the University of the Faroe Islands. This model will provide a deeper understanding of the physical, biological, and environmental conditions affecting aquaculture, ensuring better decision-making and risk management.

Further environmental monitoring efforts include a collaborative project with Fiskaaling and industry partners to monitor algae levels in Faroese fjords. This initiative aims to establish a baseline for algae levels and explore the development of an early warning system for harmful algal blooms, helping Bakkafrost prepare for potential climate-related changes.

To improve sea lice management, one of Bakkafrost's veterinarians has developed a digital management tool that simulates sea lice development, identifies risk factors, and enables early intervention. This tool has significantly contributed to maintaining low sea lice numbers across Bakkafrost's operations.

Commitment to the Future
Bakkafrost remains dedicated to advancing R&D in aquaculture, prioritising fish health, environmental stewardship, and sustainable growth. Continued investment in cutting-edge solutions will create long-term value for stakeholders and the communities where Bakkafrost operates.

Market Review

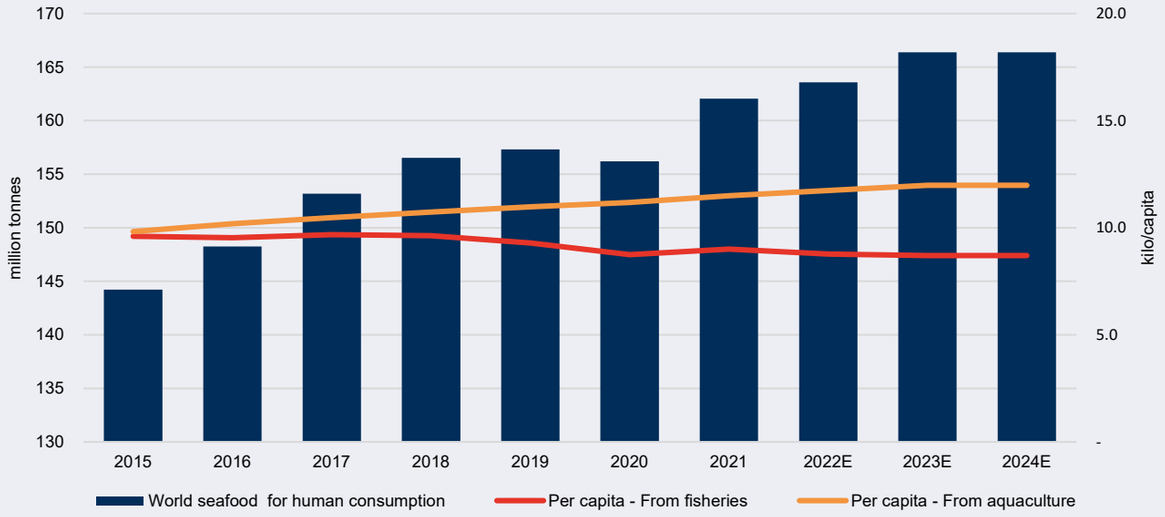
Seafood Consumption

Global fisheries and aquaculture production surged to 223.2 million tonnes, with 185.4 million tonnes of aquatic animals and 37.8 million tonnes of algae. Of the total aquatic animal production, 89 percent was used for human consumption, equivalent to an estimated 20.7 kg per capita in 2022. The rest went on non-food uses, mostly fishmeal and fish oil.

In 2022, global aquaculture production reached 130.9 million tonnes, valued at USD 312.8 billion. Aquaculture remains dominated by a small number of countries, with many low-income countries in Africa, Asia and Latin America and the Caribbean not exploiting their full potential. Out of some 730 farmed species items, 17 staple species represent about 60 percent of global aquaculture production, while other species are important at local level.

The most traded aquatic animal products in 2022 were finfish (65 % of the total value), crustaceans (23 %), and molluscs and other aquatic invertebrates (11%). By species groups, salmonids remain the most valuable (20% in value), followed by shrimps and prawns (17%), cods, hakes and haddocks (9%), tunas, bonitos and billfishes (9%), and cephalopods (7%).

WORLD SEAFOOD PRODUCTION (FOR HUMAN CONSUMPTION) AND CONSUME PER CAPITA



	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
World seafood for human consumption - tonnes	144	148	153	157	157	156	162	164	166	166
Per capita - From fisheries – kilo	9.6	9.5	9.7	9.6	9.3	8.7	9.0	8.8	8.7	8.7
Per capita - From aquaculture – kilo	9.8	10.2	10.5	10.7	11.0	11.2	11.5	11.7	12.0	12.0
Change %	0	3%	3%	2%	1%	-1%	4%	1%	2%	0%
Accumulated change %	0	3%	6%	9%	11%	12%	11%	15%	16%	17%

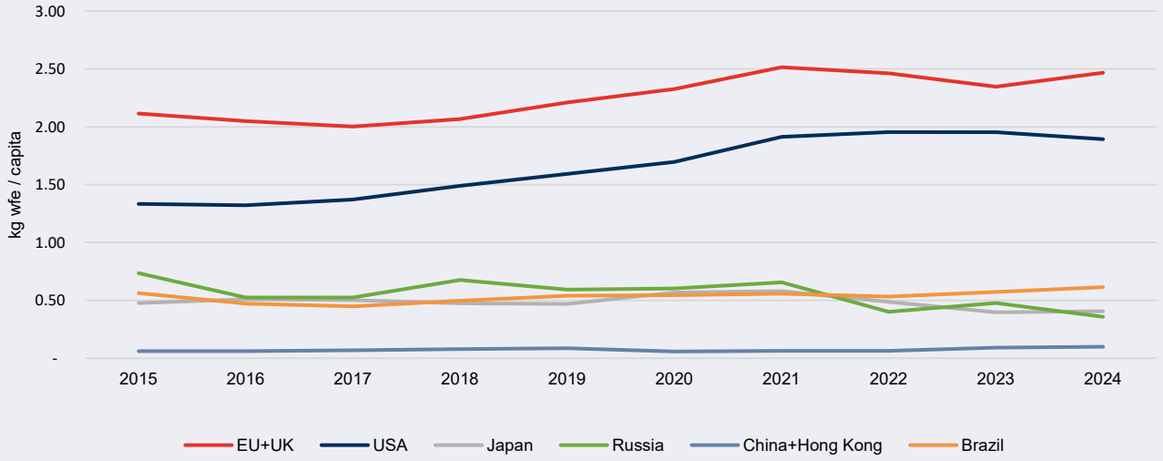
Source: FAO, Worldometers & Kontali prognosis

Main markets and price trends 2024

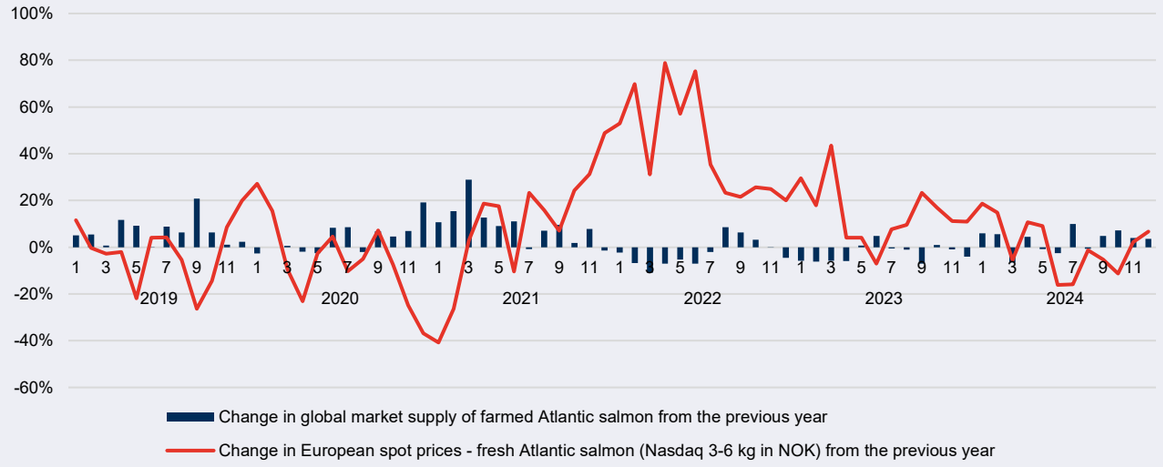
The global supply of farmed Atlantic salmon increased by just 3% in 2024, reaching 2.83 million tonnes (WFE). The EU+UK and the USA remain the largest markets for Atlantic salmon, while emerging markets such as Brazil and Asia (China, Japan, Thailand, South Korea) have been growing at a much faster rates than traditional markets. However, these emerging markets tend to have a higher share of food service consumption compared to traditional markets. Additionally, growth in these regions during 2020-2022 was hindered by Covid-19 restrictions and rising airfreight costs. Russia's consumption remains low historically, primarily due to sanctions and ongoing conflict.

European spot prices for Atlantic salmon (Nasdaq 3-6 kg) ended on average in 2024 at €8.2 per kg, slightly below the levels seen in 2023 and 2022. When adjusted for inflation, particularly in the euro area, this indicates a lower market price in real terms for 2024. This trend needs to be considered in the context of a 6% supply growth in the EU+UK market and somewhat stagnant demand, with higher prices. Furthermore, market in H1 2024 was impacted by increased share of downgrades due to fish health and extraordinary events. With limited growth in harvest volumes during the last 5 years, the market has shifted towards higher-value segments. There is potential to grow the seafood and salmon category with retail promotional activities at affordable price points. However, looking at 2025 market is expected to remain similar, with price pressure and growth rates estimated to 5% to 6% worldwide.

PER CAPITA CONSUMPTION OF FARMED ATLANTIC SALMON FOR SELECTED MARKETS



RELATIVE CHANGE IN GLOBAL SUPPLY OF ATLANTIC SALMON AND EUROPEAN SPOT PRICES



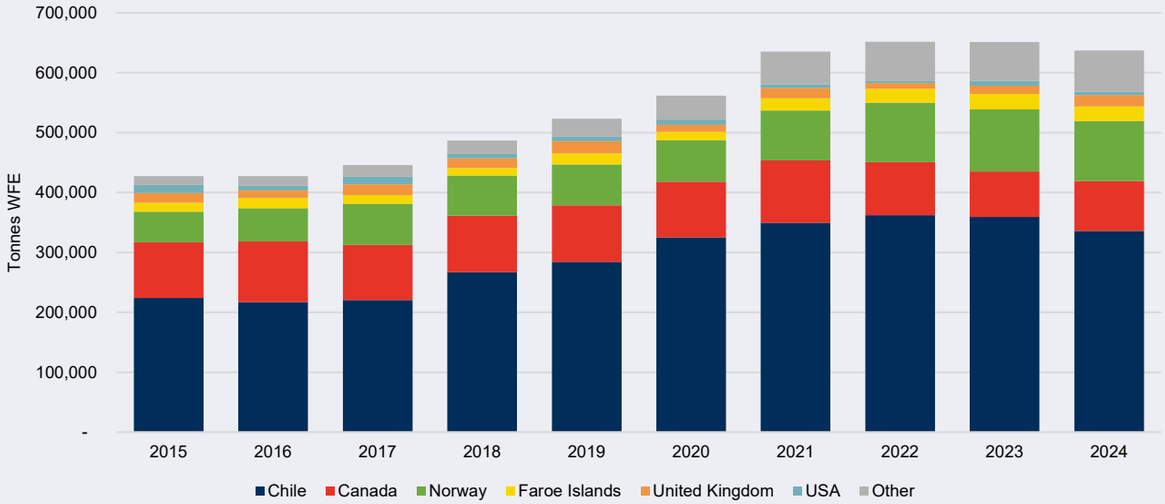
Source: FAO, Worldometers & Kontali prognosis

U.S. market

In 2024, the U.S. market, following a prolonged and consistent growth trend, experienced a slight decline of -2%. The decline was primarily influenced by a more than -6% decline in supply from Chile or – 23,200 tonnes WFE compensated by increased shipments from Canada + 7 000 tonnes WFE. There has been push-back in the market (e.g. retail contracts) with increased prices and inflation.

With a population of 335 million, the consumption of Atlantic salmon in 2024 reached 640,000 tonnes WFE. This translates to a per capita consumption of approximately 1.9 kg WFE, signifying an average of 6-7 meals per capita each year. Notably, salmon solidified its position as the second-most consumed seafood species among US consumers, with shrimp maintaining its dominance as the top choice.

SUPPLY OF ATLANTIC SALMON IN THE US MARKET



	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Chile	224,100	217,300	220,400	267,200	284,300	325,100	349,600	362,000	359,100	335,900
Canada	92,900	100,900	92,100	93,800	94,300	92,900	104,300	88,800	76,200	83,200
Norway	51,200	55,700	68,400	67,300	68,300	69,100	82,900	99,300	103,500	100,100
Faroe Islands	14,700	16,900	14,800	12,800	18,500	14,400	20,800	23,300	25,700	24,500
United Kingdom	16,300	12,700	18,000	16,100	20,300	11,500	17,100	9,200	14,000	18,800
USA	13,800	7,700	13,100	7,300	8,100	8,800	6,200	3,500	7,900	5,700
Other	14,600	16,100	19,200	22,300	29,400	40,100	54,300	65,500	65,000	68,800
Total	**427,600**	**427,300**	**446,000**	**486,800**	**523,200**	**561,900**	**635,200**	**651,600**	**651,400**	**637,000**

Source: Kontali

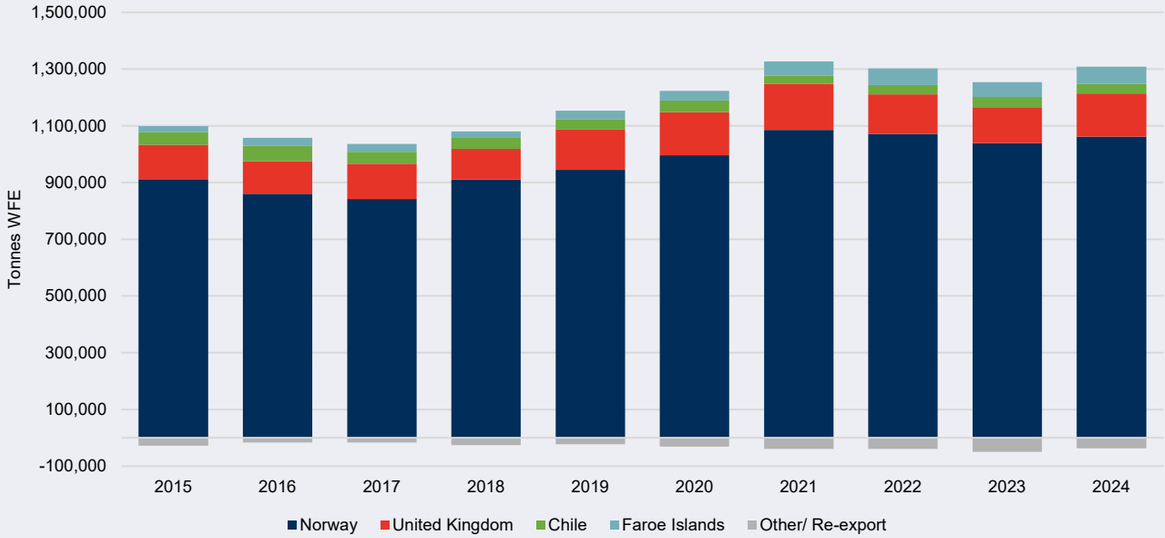
European market

In 2024, the European Union market, including the United Kingdom, experienced a 6% increase following a 5% decline in farmed Atlantic salmon in 2023 to a total supply of 1.27 million tonnes WFE. This is equal to a capita consumption of 2.5 kilos WFE on average.

Germany, France, and the United Kingdom, collectively accounting for approximately 50% of the total consumption, emerged as the largest markets for salmon within Europe. The trade flow is also characterized by significant salmon processing hubs, such as Poland, Denmark, and the Netherlands. Noteworthy supply growth was observed in Italy and Spain (Southern Europe) over the past decade.

While inflation and the rising cost of living have impacted demand and market dynamics for salmon, sales to both retail or foodservice-segments have demonstrated resilience and remains robust. Within the EU+UK market, the current situation can accurately be described as having "insufficient availability." Industry participants are compelled to swiftly adapt to this challenging scenario to maintain profitable. Salmon have become a “must-have” product in retail stores – a trend expected to increase.

SUPPLY OF ATLANTIC SALMON TO EU+UK MARKET



	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Norway	912,200	860,200	841,400	910,800	944,500	995,600	1,085,500	1,071,200	1,038,800	1,061,700
United Kingdom	121,100	115,400	124,900	108,100	142,300	152,500	162,800	139,600	127,200	152,300
Chile	44,900	53,900	42,500	40,700	36,200	40,900	28,400	32,800	35,500	33,700
Faroe Islands	20,400	28,400	27,800	20,600	30,800	34,400	50,600	59,000	52,400	61,200
Other/ Re-export	-27,700	-16,900	-17,100	-25,700	-23,200	-31,300	-39,800	-39,200	-49,500	-37,300
Total	**1,070,900**	**1,041,000**	**1,019,500**	**1,054,500**	**1,130,600**	**1,192,100**	**1,287,500**	**1,263,400**	**1,204,400**	**1,271,600**

Source: Kontali

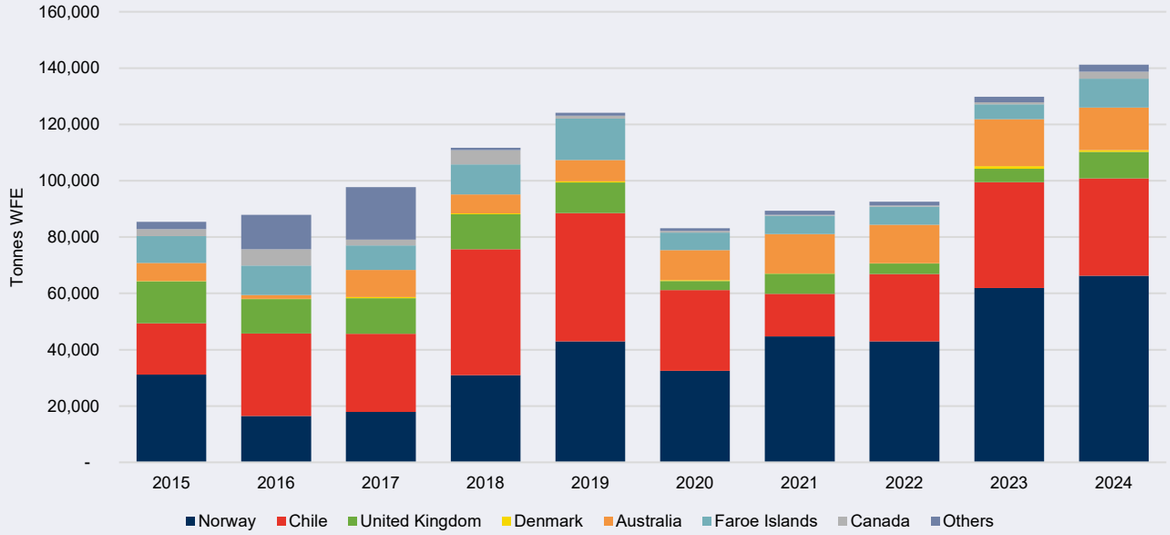
China and Hong Kong

The growth in China and Hong Kong can be attributed primarily to a delayed and more pronounced normalisation following the post-Covid situation, driven by robust underlying demand. A significant 39% increase, amounting to 36,000 tonnes WFE in 2023, needs to be understood in the context of the Chinese government's unveiling of a comprehensive relaxation of its stringent "Zero Covid" policy in December 2022. In 2024, total supply of farmed salmon increased to a record high of 141,000 tonnes WFE.

In terms of the value of the trade to China/Hong Kong (exports), the progress has been even more remarkable, surpassing 1 billion U.S. dollars mark in 2023. Traditionally, the supply to China has consisted mainly of fresh whole salmon and larger sizes (6+ kg), with the foodservice segment accounting for a substantial share of consumption. However, due to limited availability of large-sized salmon, there has been a greater acceptance of receiving 5+ kg salmon in both China/Hong Kong and other Asian markets.

Land based RAS plants and offshore salmon projects are currently under construction or in large-scale testing phases. Although there is limited domestic production of Atlantic salmon in China, there is a growing trend in trout farming, which is being sold and labelled as salmon in accordance with the regulations set by The China Fisheries Association.

SUPPLY OF ATLANTIC SALMON TO CHINESE MARKET (INCL HONG KONG)



	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Norway	31,110	16,480	17,860	30,920	42,990	32,550	44,770	42,990	61,880	66,300
Chile	18,270	29,280	27,790	44,770	45,540	28,580	15,110	23,920	37,640	34,540
United Kingdom	14,920	12,250	12,660	12,370	10,900	3,300	7,100	3,720	4,700	9,450
Denmark	130	80	340	330	320	230	60	30	950	620
Australia	6,420	1,360	9,630	6,770	7,590	10,700	13,990	13,750	16,720	15,060
Faroe Islands	9,520	10,410	8,730	10,620	14,690	6,200	6,580	6,340	5,260	10,260
Canada	2,430	5,790	2,120	5,090	1,110	640	320	480	720	2,510
Others	2,570	12,220	18,590	800	970	880	1,390	1,310	1,930	2,460
Total	**85,370**	**87,870**	**97,720**	**111,670**	**124,110**	**83,080**	**89,320**	**92,540**	**129,800**	**141,200**

Source: Kontali

Supply of farmed Atlantic salmon from the Faroe Islands

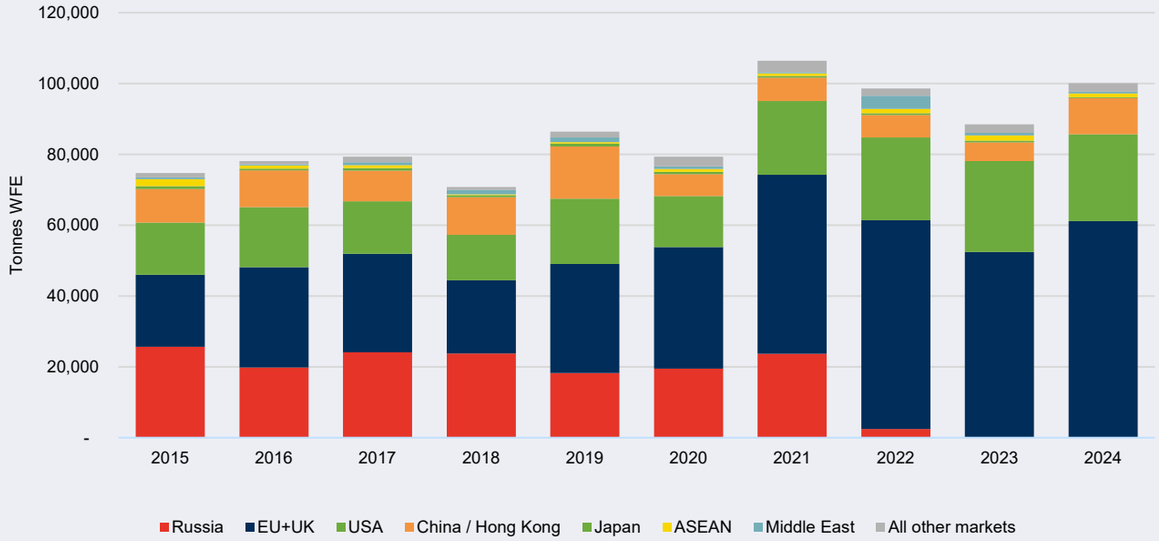
Over the past decade, the Faroese salmon industry has demonstrated unparalleled biological performance, with the lowest loss rates and consistently high average harvest weights compared to other producing regions. This success has resulted in the industry achieving the highest smolt yield in the global salmon sector. The substantial growth in production on the Faroe Islands can be attributed to significant investments in smolt facilities, and implementation of a large smolt strategy – that enables increased stocking and turnover of biomass in the sea.

However, the Faroese industry has encountered biological challenges, including fish health issues such as gill disease, stricter regulations, elevated levels of sea lice, and occasional production disruptions due to adverse weather conditions.

Despite achieving a record year in 2021, with Atlantic salmon export volume surpassing 105,000 tonnes WFE, sales have declined to below 90,000 tonnes WFE in 2023. In 2024, supply of salmon from salmon increased back up to 100,000 tonnes WFE.

The Faroese exports witnessed a substantial shift in trade flow in 2022, attributed to Russia's invasion of Ukraine. With sales suspended in Russia, the European and U.S. markets collectively accounted for over 80% of the total supply volume, reaching market shares not seen since 2011. Supply to EU+UK, USA, and China now make up the majority of Faroe exports.

FO SUPPLY OF ATLANTIC SALMON



	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Russia	25,660	19,798	24,096	23,812	18,276	19,465	23,665	2,468	24	-
EU+UK	20,372	28,384	27,793	20,629	30,773	34,354	50,576	58,967	52,371	61,157
USA	14,671	16,908	14,820	12,829	18,469	14,392	20,812	23,305	25,745	24,501
China / Hong Kong	9,522	10,401	8,722	10,625	14,690	6,204	6,584	6,346	5,263	10,258
Japan	830	452	690	582	870	658	525	501	452	217
ASEAN	1,946	942	834	279	343	799	702	1,247	1,538	1,057
Middle East	458	315	784	1,198	1,352	735	349	3,713	717	546
All other markets	1,302	881	1,572	837	1,673	2,709	3,210	2,060	2,385	2,366
Total	**74,761**	**78,081**	**79,312**	**70,790**	**86,445**	**79,315**	**106,423**	**98,607**	**88,495**	**100,104**

Source: Kontali

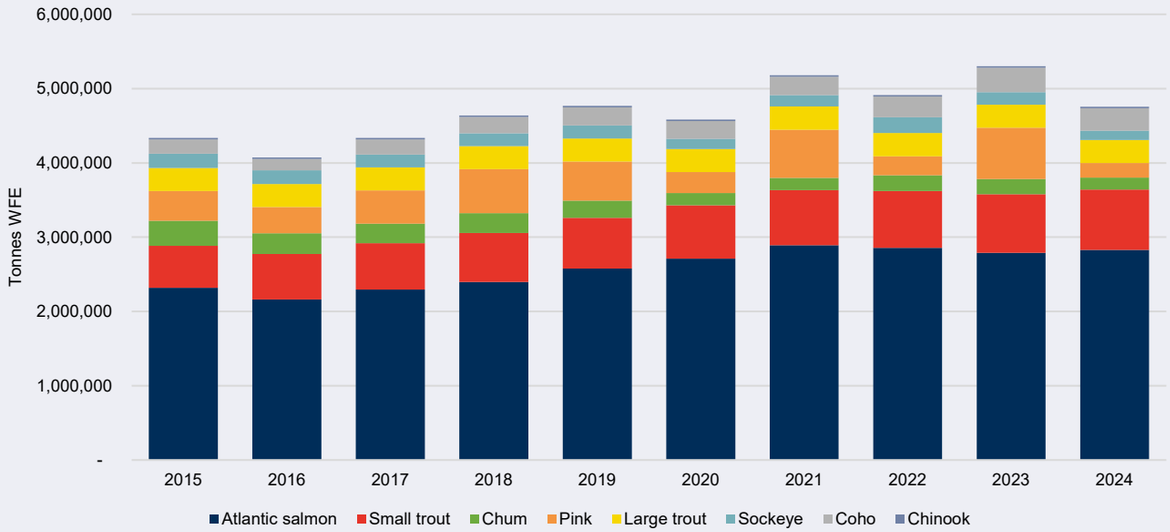
GLOBAL SUPPLY OF ALL SALMONIDS

In 2024, the global supply of salmonids totalled 4.75 million tonnes WFE, a 10% decline from the previous year. The reduction was primarily driven by lower wild-caught pink and chum salmon volumes, as well as biological challenges in farmed Atlantic salmon production.

Atlantic salmon remained the most significant species, accounting for nearly 60% of total supply. Norway contributed 54% of global harvest volumes, though growth was constrained by biological factors and regulatory limits. Chile's production declined by 8%, impacted by environmental conditions and stricter regulations.

Wild-caught pink and chum salmon supply dropped significantly, while coho and large trout remained stable. Small trout production continued its upward trend, supported by strong demand in key markets.

HISTORICAL SUPPLY OF ALL SALMONIDS



	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Atlantic salmon	2,318,600	2,161,200	2,293,000	2,395,350	2,577,050	2,712,500	2,890,600	2,858,000	2,788,000	2,827,100
Small trout	565,600	610,600	626,500	660,400	685,100	718,400	741,800	765,000	789,200	813,400
Chum	338,100	280,900	261,100	268,600	229,000	164,600	167,100	209,100	204,300	160,700
Pink	398,300	353,200	447,900	591,400	525,100	279,400	648,000	258,300	692,100	196,700
Large trout	311,300	311,300	311,300	311,300	311,300	311,300	311,300	311,300	311,300	311,300
Sockeye	190,300	183,000	173,700	171,600	178,500	138,800	154,200	214,300	166,800	126,400
Coho	192,900	154,100	201,500	219,900	240,500	237,800	246,300	277,700	331,600	299,600
Chinook	20,900	19,200	19,900	19,800	20,300	21,800	21,100	20,800	19,000	19,000
Total	**4,336,000**	**4,073,500**	**4,334,900**	**4,638,350**	**4,766,850**	**4,584,600**	**5,180,400**	**4,914,500**	**5,302,300**	**4,754,200**

Source: Kontali

Global harvest of farmed Atlantic salmon

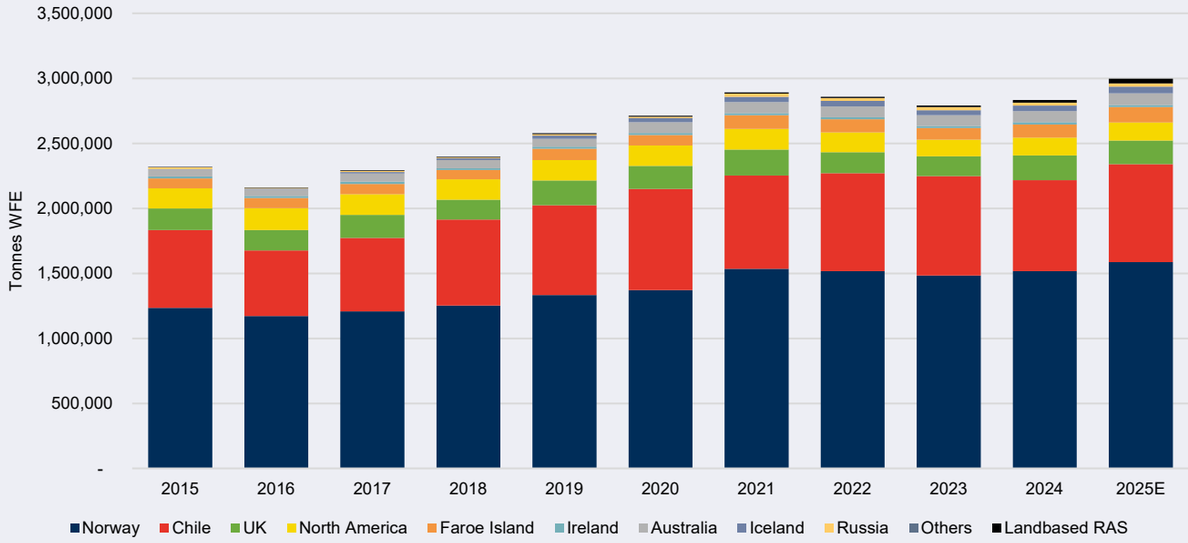
Norway stands as the world's largest producer of Atlantic salmon, contributing to 54% of the global production in 2024. In recent years, new MAB (Maximum Allowable Biomass) capacity, facilitated by both the traffic-light system and new development licenses, has enabled increased stocking and growth. However, stringent sea lice regulations and high treatment frequency have impacted productivity and the smolt yield potential. Currently, the MAB peak utilisation is at a lower level than seen for the last decade. In 2025, strong growth during the winter period (Nov-Apr) will likely allow for a productivity comeback of the 2024 generation and allow for increased capacity utilisation and production.

Chile, as the second-largest Atlantic salmon producer, contributed 25% to global production in 2024. Having rebounded from the ISA crisis in 2008-2009 and overcoming challenges like the Algae bloom crisis in 2016, the Chilean industry has consistently improved its key production parameters. After reaching an all-time high harvest volume in 2020 of 780,000 tonnes WFE, production in 2021 and 2022 remained stable above 720,000 tonnes WFE. In 2024, harvest declined to 700,000 tonnes WFE, a drop of 60,000 compared to 2023. No new farming sites are expected to be granted (i.e. Region 12).

In Europe, growth was hampered by fish health and treatments in the United Kingdom, Faroe Islands, and Iceland, resulting in a combined decline in harvest volume of just over 20,000 tonnes WFE in 2023. Last year, 2024, a significant comeback in terms of volume growth from United Kingdom and for Europe +46,000 tonnes WFE in total. North America experienced a decline in production output due to stricter regulations and the revocation of farming sites on the west coast. There were no significant increases from other regions.

Kontali's best estimate for FY 2025 indicates a limited global harvest growth rate of 5.0 – 6.0%. This estimate considers improved losses and in proved growth from Norway and European farmers and an increase from Chilean salmon farming.

HARVEST OF ATLANTIC SALMON IN TONNES (tonnes wfe)



	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E
Norway	1,171,100	1,207,800	1,253,400	1,333,400	1,370,400	1,534,500	1,517,800	1,482,300	1,517,000	1,585,400
Chile	504,400	564,200	660,100	690,300	778,500	718,300	753,300	766,000	700,000	753,500
UK	157,400	177,200	152,100	190,500	178,300	199,200	160,800	152,100	189,400	182,200
North America	168,500	158,700	157,600	157,500	157,200	158,500	152,700	128,600	137,700	140,000
Faroe Island	77,300	80,300	71,700	86,600	80,600	105,500	99,600	89,400	99,600	117,700
Ireland	15,800	17,000	14,300	15,500	15,800	15,900	16,400	14,500	18,500	17,000
Australia	49,600	63,100	62,300	60,900	82,800	85,400	83,800	83,700	85,000	89,000
Iceland	8,100	11,600	13,600	24,500	31,200	41,500	42,900	38,700	42,900	52,400
Russia	5,000	8,600	5,400	11,400	10,500	23,000	22,000	24,000	22,500	23,500
Others	300	300	350	350	400	500	300	300	500	700
Landbase RAS	3,600	4,100	4,500	6,100	7,200	9,300	9,200	11,300	20,500	35,900
Total	**2,161,100**	**2,292,900**	**2,395,350**	**2,577,050**	**2,712,900**	**2,891,600**	**2,858,800**	**2,790,900**	**2,833,600**	**2,997,300**

Source: Kontali

Top 15 - farming companies (salmonids)

In 2023, the world's largest 15 salmon farming companies harvested approximately 2.3 million tonnes WFE of salmonids (Atlantic Salmon, Coho Salmon, Chinook, Large Trout), representing 65 % of the total harvest quantity.

Top 15 Salmon Farming Companies 2023 - Harvest Volume, all farmed salmonid species

Group	Head-office	Total	Norway	UK	Chile	North Am.	Faroe Islands	Ireland	Australia	Iceland	Others
Mowi*	NO	527,000	327,000	61,000	77,000	32,000	12,000	5,000		13,000	
Salmar**	NO	296,000	262,000	14,000						20,000	
Aquachile	CL	247,000			247,000						
Cermaq Group	NO	206,000	95,000		104,000	7,000					
Lerøy Seafood Group ***	NO	191,000	177,000	14,000							
Cooke Aaquaculture# ****	CA	167,000		30,000	25,000	66,000			46,000		
MultiX	CL	125,000			125,000						
Grieg Seafood	NO	80,000	57,000			23,000					
Bakkafrost	**FO**	**73,000**		**21,000**			**52,000**				
Salmones Camanchaca	CL	55,500			55,500						
Nordlaks	NO	53,000	53,000								
Australis Mar Seafood	CL	53,000			53,000						
Salmones Blumar	CL	50,000			50,000						
Marine Farms (G.M. Tornagaleones)#	CL	50,000			50,000						
Salmones Austral#	CL	48,000			48,000						
Sum Top 15		2,221,500	971,000	140,000	834,500	128,000	64,000	5,000	46,000	33,000	-
Total		3,414,000	1,556,000	157,000	1,101,200	139,500	89,000	15,500	97,000	40,000	219,000
Share		65%									

**MOWI: Including Western Ross Fisheries (UK), aquried in 2022 and Arctic Fish (IS) 51,28% aquired in 2022. MOWI has 48% ownership in Nova Sea, but volumes from Nova Sea are not included.*
***Salmar: Including NTS and NRS aquired in 2022 and 50% of harvest volumes from Scottish Seafarms owned 50/50 by Lerøy Seafood and Salmar.*
****Lerøy: Including 50% of harvest volumes from Scottish Seafarms owned 50/50 by Lerøy Seafood and Salmar*
*****Cooke: Including Tassal (AU), aquired by Cooke Aquaculture in 2022*

Source: Kontali

Business review – fish feed

The total feed consumption of ocean-farmed salmonids was close to 5 million tonnes of feed in 2024.

Production capacity in Norway and Europe is approaching full utilisation and need for upgrades or investments are necessary to support long-term growth and access to fish feed.

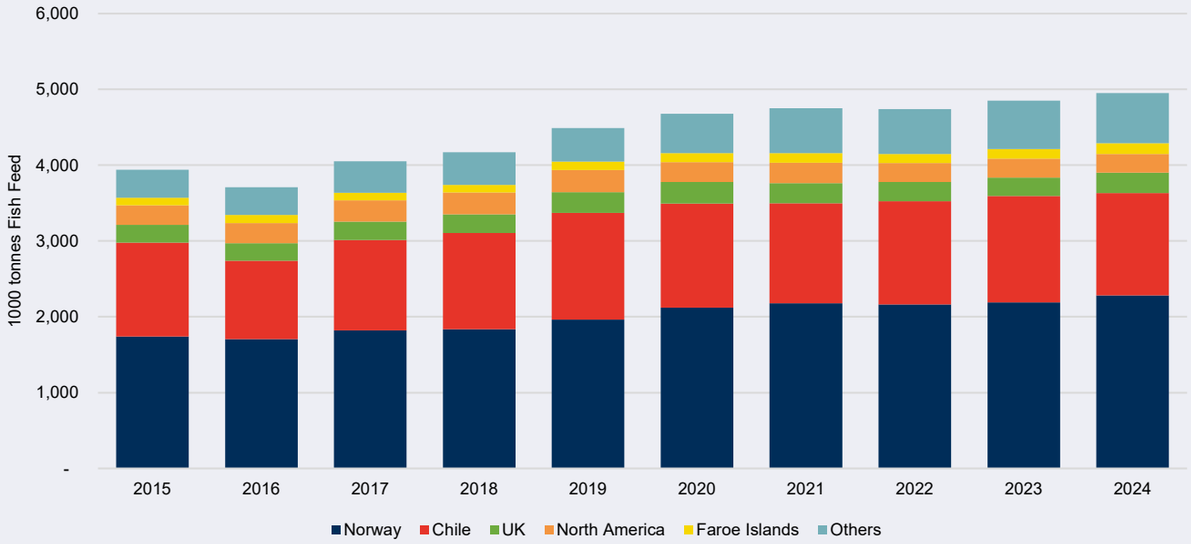
Norway and Chile accounts for approximately 75 % of the total fish feed consumption. Limited granting of new license capacity or rights to produce is main barrier for further growth in salmonid fish feed demand, where also other developed farming regions such as Australia, North America have high utilisation of existing capacity.

The share of marine ingredients in feed for farmed salmonids has over the last decade shown a decreasing trend. However, both fishmeal and fish oil prices still impact the feed-price delivered to farmers.

In 2023, the Peruvian fishmeal industry experienced one of its most difficult years of the century after two fishing seasons with catches far below normal. The consequences of the cancelled first season and a second season with a quota below normal is that fishmeal production reduced by around 30% compared to 2022 and fish oil production reduced by 81%. Oil yield remained low also during the last season and Peruvian export prices of fish oil remain steady extremely high at USD 7,800/ton while fishmeal prices have decreased to around USD 1,600/ton after producing around 280.000 tons of fishmeal during the past months.

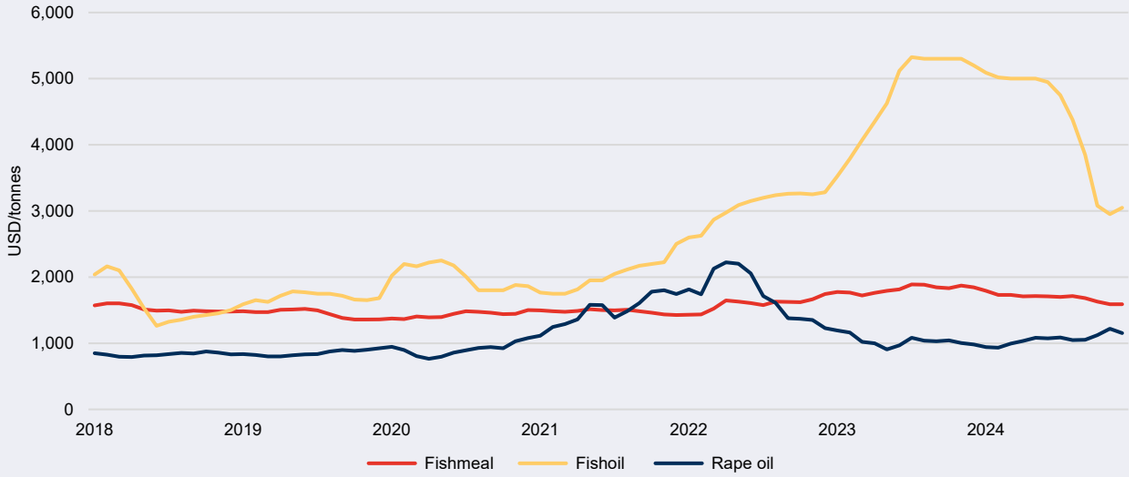
Global fishmeal and fish oil supplies grew 26 percent in 2024. That growth is almost entirely thanks to the Peruvian anchoveta fishery, which ended up catching over 95 percent of its total allowable catch of 2.51 million metric tons (MT) and had a notable impact on prices both in Americas and Europe. Prices for fish oil remain high around USD 3,000/ton.

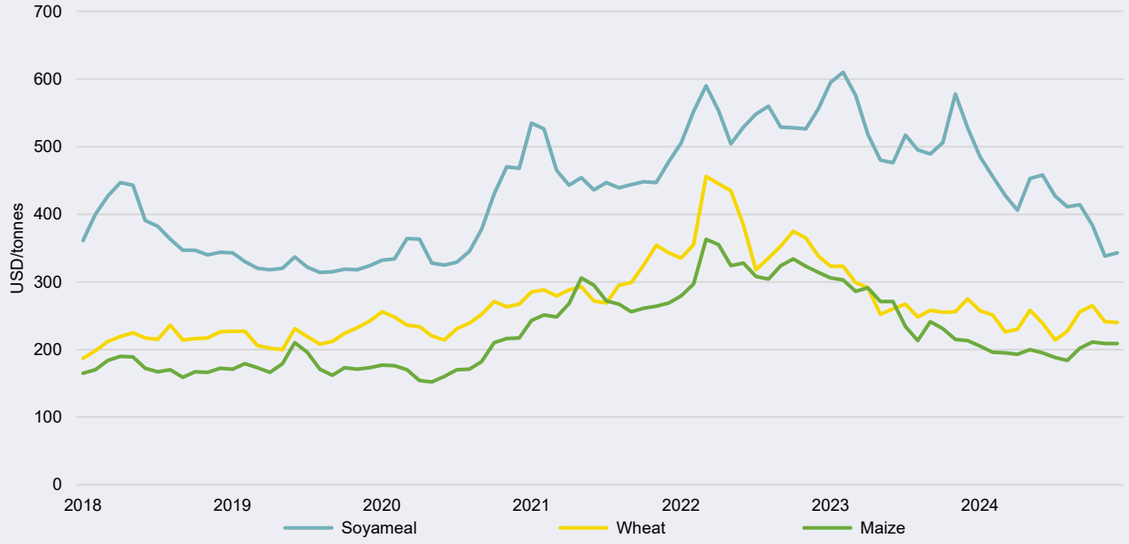
EST. FEED CONSUMPTION/SALE TO SALMONID FOR SELECTED PRODUCING REGIONS



Source: Kontali

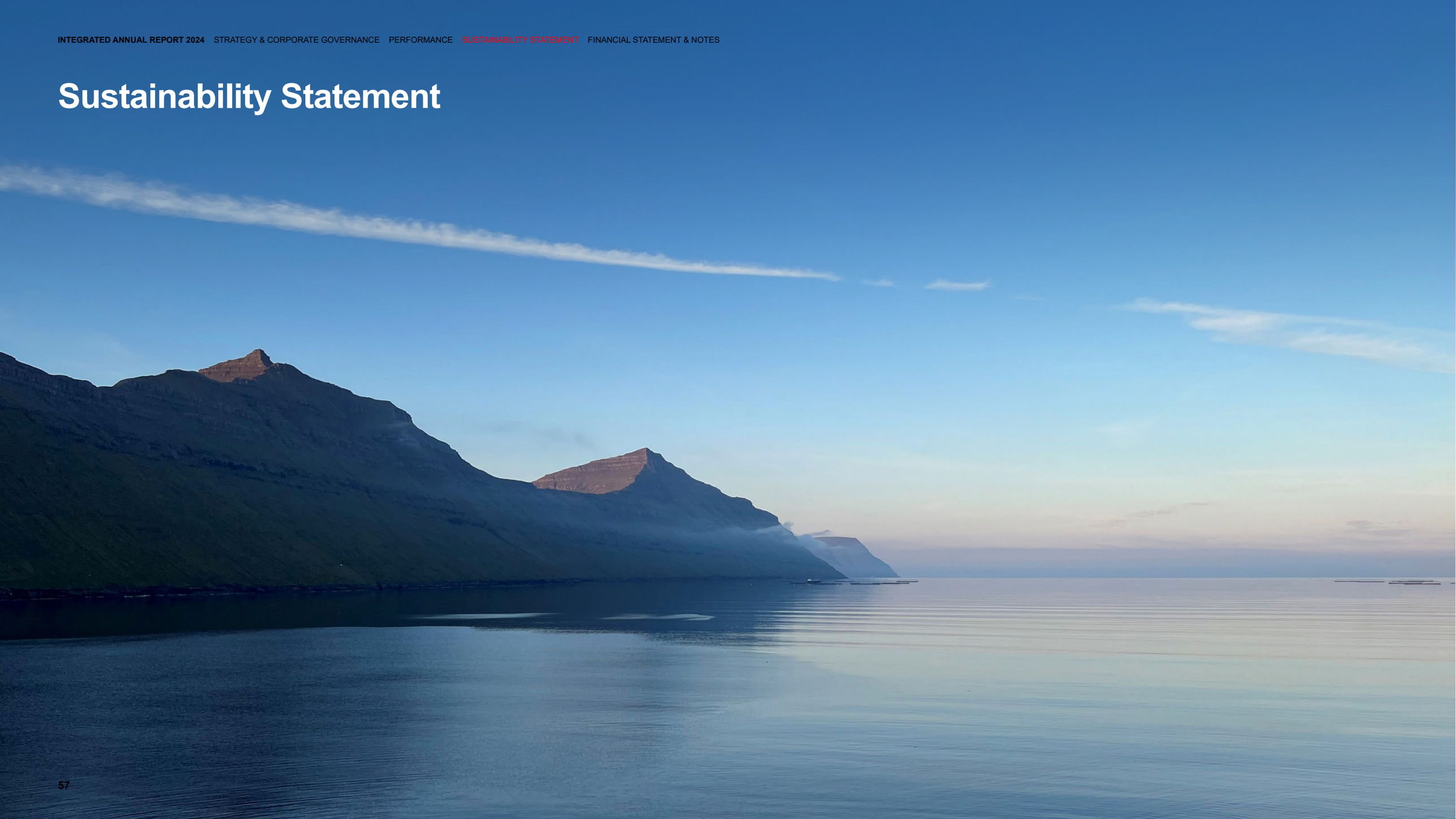
FISH FEED - RAW MATERIAL PRICES





Source: Kontali

Sustainability Statement



General Information

List of disclosure requirements		Page reference
ESRS 2 - General Disclosures		
BP-1	General basis for preparation of the sustainability statement	59
BP-2	Disclosures in relation to specific circumstances	59
GOV-1	The role of the administrative, management and supervisory bodies	62
GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	63
GOV-3	Integration of sustainability-related performance in incentive schemes	64
GOV-4	Statement on due diligence	65
GOV-5	Risk management and internal controls over sustainability reporting	64
SBM-1	Strategy, business model and value chain	66
SBM-2	Interests and views of stakeholders	66
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	70
IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	71
IRO-2	Disclosure Requirements in ESRS covered by the undertaking’s sustainability statement	76

ESRS 2 BP-1

Basis for preparation

Bakkafrost's sustainability statement is prepared according to the European Sustainability Reporting Standards (ESRS) issued by the European Financial Reporting Advisory Group (EFRAG). It comprises environmental, social, and governance disclosures as well as entity-specific disclosures for the period 1 January to 31 December 2024.

The sustainability statement is prepared on a consolidated basis, following the scope of the company's financial statement. It includes sustainability reporting for P/F Bakkafrost and the subsidiaries over which P/F Bakkafrost has a controlling influence either by shareholding or by agreement. A controlling interest is normally deemed to exist when ownership directly or indirectly exceeds 50% of the voting rights.

The sustainability statement covers Bakkafrost's full upstream and downstream value chain. While uncertainties have not been quantified, it is assumed that reported value chain-related information may be associated with more or less uncertainty because the company is still in the process of engaging value chain stakeholders for stakeholder-specific sustainability data.

ESRS 2 BP-2

Specific circumstances

Accounting estimates

Since sustainability reporting is still a relatively new area for us — especially compared to financial reporting — and some metrics have only recently been introduced as a result of the double materiality assessment and the introduction of the European Sustainability Reporting Standards (ESRS), certain judgements, estimates, and random sampling have been applied in some areas, affecting the reported data.

Key accounting estimates and judgements have been applied to the following data:

Section	Key accounting estimates and judgements	Estimate/Judgement	Impact on accuracy
Climate change	GHG emissions from Upstream transport of purchased goods are calculated based on estimated distances from supplier to site.	Estimate	Medium
Climate change	GHG emissions from the Downstream transport of sold products involve the estimation of distances to customers.	Estimate	Medium
Climate change	GHG emissions from Business travel and Employee commuting are based on estimates.	Estimate	Low
Climate change	GHG emissions from Processing of sold product, Use of sold product, and End-of-life treatment are based on assumptions of energy used by consumers and end-users per kilogramme of sold product as well as assumed waste destinations.	Estimate	Medium
Pollution	The reported emissions to air are based on estimates derived from one random sample taken at our Feed production site and another at our biogas site during the year.	Estimate	High
Pollution	The reported emissions to water are estimated based on the amounts of salmon feed fed during the reporting period.	Estimate	Medium
Pollution	Substances of concern and substances of very high concern are based on the same assumptions as emissions to air and water.	Estimate	Medium
Water and Marine Resources	Estimates at some sites are used to determine the amounts of water withdrawn and, thus, the water consumption in direct operations.	Estimate	Medium
Water and Marine Resources	The share of procured ensilage that is certified/part of improver programs has been determined using judgement, as the exact contents cannot be fully determined. Ensilage accounted for a small percentage of the total marine resources sourced in 2024.	Judgement	Low
Biodiversity	The accuracy of the number of escaped fish might vary depending on how and when the incident was detected. The exact loss is formally reported when the remaining salmon are counted in connection with harvesting.	Estimate	Low
Resource Use and Circular Economy	Waste estimates have been applied to some degree when the weight of the waste was not recorded.	Estimate	Low

Time horizons applied
Bakkafrost applies its own time horizons for reporting purposes and risk assessments. Bakkafrost has a short-term time horizon from 0 to 2 years, which reflects the life cycle of a generation of salmon. The medium-term horizon is 3 to 5 years, reflecting the time horizon of Bakkafrost's investment plans. The long-term time horizon is defined as +6 years. This allows for long-term impacts, risks and opportunities to be addressed, in particular anticipated long-term physical climate risks.

Changes in preparation of sustainability information
This year, we have fully adopted the ESRS structure, resulting in changes to the report's layout compared to last year. We have added new metrics to meet ESRS requirements, while some previous metrics have been omitted because they are not directly linked to the identified impacts, risks, and opportunities.

Reporting errors in prior periods
We have established an accounting policy for ESG metric adjustments to guide our assessment of whether previously reported figures should be restated due to an error or a change in accounting policy. If a restatement is deemed necessary based on materiality, we clearly disclose it in the relevant table alongside the affected metric.

After detecting an error in last year's reported figure for 'Emissions to water', we have updated the 2023 figures for substances emitted to water in the E2 Pollution section.

Each year, we strive to improve the accuracy of our GHG reporting, particularly for scope 3 emissions, which are inherently challenging to measure precisely. As part of our approach, whenever we enhance data capture during the current reporting year, we also apply these improvements retroactively to previous years, ensuring our historical figures reflect the most accurate and comprehensive data available.

Disclosure stemming from other sustainability reporting standards
As the sector-agnostic ESRS standards are the only reporting standards that have been released so far as a result of the EU Corporate Sustainability Reporting Directive (CSRD), we continue to apply other reporting standards as we have done in previous years to support the transparency in our reporting. These include calculation methodologies, which have been prepared and decided by members of the Global Salmon Initiative (GSI), and methodologies as stated in certifications and national legislation. Metrics that have been prepared with reference to the Global Salmon Initiative methodology handbook include:

- Fish escapes
- Fish mortality
- Antibiotic use

Metrics which are reported with reference to the Aquaculture Stewardship Certification (ASC) include:

- Impact of marine farming sites on biodiversity-sensitive areas

Metrics which are reported with reference to national regulatory standards are:

- Sea lice levels
- Organic loading of seabed (scored with reference to the MOM-B system for the Faroe Islands and SEPA for Scotland)

Metrics which are reported with reference to the Global Reporting Initiative (GRI) include:

- Percentage of harvest volume from sites certified to third-party animal health and welfare standard

External review
All quantitative data included in the sustainability statement are covered by limited assurance performed by our auditor Januar - Løggilt Grannskoðanarvirki. An independent assurance report can be found at the end of the report.

Incorporation by reference
As outlined in ESRS 2 BP-2, information can be incorporated into the sustainability statement by referencing other disclosures. The next page provides an overview of disclosure requirements, which have been incorporated by reference.

List of data points incorporated by reference

The table below provides an overview of where information can be found relating to ESRS disclosures that have been incorporated by reference and stated outside of the sustainability statement as part of other sections of this Annual Report.

ESRS disclosure requirement	Data point	Paragraph	Report in which information can be found	Section	Page
ESRS 2 GOV-1	§20 a	Composition of the Board	Management report	The Board of Directors	30
ESRS 2 SBM-1	§40 a	Key elements of the company's general strategy	Management report	Business Model	10
ESRS 2 SBM-1	§40 e	Description of sustainability-related goals	Management report	Strategy, Sustainable Growth, Healthy Living Plan	21-24
ESRS 2 SBM-1	§40 f	Assessment of current products in relation to sustainability-related goals	Management report	Business model	10
ESRS 2 SBM-1	§40 g	Main challenges etc.	Management report	Business model	10
ESRS 2 SBM-1	§42	Description of business model and value chain	Management report	Business model	10
MDR-A	§69 b	Provide the amount of current financial resources and explain how they relate to the most relevant amounts presented in the financial statements	Management report	Note 2.3	228

ESRS 2 GOV-1

Sustainability Governance

Effective governance mechanisms are essential for managing a business's impacts, risks, and opportunities related to sustainability. As a result, we have established a sustainability governance framework to guide the company's decision-making processes.

Board composition

The 'Directors and Management' section discloses information about the board of directors, including the number of executive and non-executive members, the representation of employees, and experience relevant to Bakkafrost's sectors, products, and geographic locations.

As of the end of the reporting period, the Board consisted of seven members, two of whom were female. The gender diversity of the Board, expressed as the female-to-male ratio, was 40%. One board member is considered dependent, which is around 14%.
All seven members are non-executives.

Roles and responsibilities for managing impacts, risks and opportunities

The Board of Directors oversees and is overall responsible for managing sustainability-related impacts, risks, and opportunities and for sustainability reporting. This also includes reviewing and approving sustainability-related business targets.
The Board of Directors has delegated the day-to-day responsibility for managing the organisation's sustainability-related impacts, risks and opportunities to the CEO. However, major decisions and investments into climate and energy transition above DKK 5 million are to be approved by the Board of Directors.
Responsibility for legal compliance and reporting of impacts and risks is delegated to the Group Sustainability Director.
At every board meeting, the CEO reports to the Board on sustainability-related impacts, risks, and opportunities. The board meets at least four times a year.

Role of the Board related to Business Conduct

The Board of Directors is responsible for developing, approving, and overseeing the implementation of key policies, including Bakkafrost's Corporate Governance Principles, which includes Bakkafrost's Code of Conduct which addresses topics such as anti-corruption, tax payments, relations with customers, suppliers, competitors and public authorities, environmental issues, and various other topics.
The Code of Conduct stipulates that Bakkafrost shall regularly check that all aspects of the Code of Conduct are followed as an integrated part of internal/external auditing, vendor assessment, etc. The results of such assessments and audits are reported and discussed at Board meetings.

The members of Bakkafrost's Board of Directors bring extensive expertise in governance, risk management, sustainability, and ethical leadership. Several board members have significant experience in legal compliance, corporate governance, and environmental stewardship within the aquaculture industry and related sectors.
This expertise ensures that our leadership is well-equipped to uphold and promote high standards of business conduct throughout the organisation.

Risk & impact management

Management of sustainability-related risks and impacts follows our risk management framework. Risks and impacts are identified and reported through group and department forums, and if risks/impacts are assessed to be significant, they are escalated through the reporting hierarchy and eventually reported and discussed at board level.

Dialogue and transparency with stakeholders or potentially affected communities and authorities are key elements in the process in order to mitigate any impacts caused by the organisation's operations.

The Board has delegated the implementation of stakeholder engagement to the Group Executive Management. Stakeholders are regularly consulted to identify potential risks and concerns. We regularly engage with investors and customers through regular meetings and our biennial events, the Capital Markets Day and the Bakkafrost Summit. Community stakeholders are regularly consulted through our sustainability materiality assessment, and we partner with community stakeholders to support management in cases of impact.

The Board is responsible for overseeing the organisation's due diligence and the effectiveness of risk management processes.

Board of Directors
Meets around 10 times a year

Responsible for setting the strategic direction for sustainability at Bakkafrost, including overseeing and having the overall responsibility of sustainability management and reporting at Bakkafrost. Responsibility of the board in relation to sustainable development includes:

- Approving the Group climate-related targets and monitoring progress against targets.
- Approving annual sustainability report.
- Approving significant sustainability initiatives, including projects and participation in sustainability-related disclosures and initiatives.
- Overall responsibility for the management of risks and opportunities in relation to climate change and sustainability topics in a broader sense.

Chair. **Rúni M. Hansen**. Chairman of the Board

Group Executive Management
Weekly meetings (or more if relevant)

The Group Executive Management is responsible for the implementation of sustainability programmes, including:
- Monitoring progress against sustainability targets at an operational level.
- Approving sustainability related policies.
- Responsibility for the implementation of sustainable solutions in the value chain.
- Responsibility for reporting operational risks to the board of directors, including climate-related risks.
- Assessing material sustainability topics.

Regin Jacobsen, CEO

Group Sustainability Committee
Meets six times a year (or more if relevant)

A board committee appointed by the Group Executive Management to oversee the implementation and performance against the company's sustainability strategy.
- Development and implementation of Bakkafrost Corporate Responsibility & Sustainability Policy
- Overseeing implementation and performance against Bakkafrost's sustainability strategy commitments.

Chair, **Regin Jacobsen,** CEO

Key Executives
Weekly meetings

- Responsible for the everyday implementation of sustainability measures.

The board reviews the organization's processes in relation to due diligence on an annual basis.

Competence of the Board of Directors
We are committed to promoting the shift towards a sustainable global food system. We acknowledge that it is essential for our governance bodies to have a deep understanding of sustainability issues. When selecting new Board members, we prioritise individuals who are members of or are affiliated with organizations and associations that are directly involved in promoting sustainability. For example, the chairman of the board is a member of the UN Global Compact's Platform for Sustainable Ocean Business, which seeks to leverage ocean-based climate solutions, particularly in four action areas; zero-emission maritime transport, low-carbon blue food, harnessing offshore renewable energy and nature-based solutions.

To ensure decisions on sustainability issues are well-informed and science-based, the Board of Directors is continuously updated on both general as well as company-specific sustainability topics and trends.
Where deemed necessary, the Board receives training or briefing on sustainability topics, either through external consultancy or from in-house experts.

The competence of the members of the Board of Directors is reviewed annually.

The effectiveness of our sustainability management
To ensure effective sustainability management in the organisation, including effective due diligence processes and risk management, external independent audits and performance reviews are carried out annually at several levels, including the Board of Directors and the Group Sustainability Committee. In addition, we perform quality assurance through certifications and standards such as the Aquaculture Stewardships Council (ASC) and ISO 9001.

Process for setting sustainability-related targets

We have a structured and collaborative process for setting our sustainability targets, which is overseen by the senior executives, including the CEO, and the sustainability committee.

The Sustainability department creates a draft long-list of targets based on various parameters, including ambitions to manage impacts, risks and opportunities assessed to be material via our double materiality assessment as well as ambitions to comply with internationally recognised targets such as reducing carbon emissions in line with the Paris Agreement. In the process of creating the long-list, we also investigate sustainability-related trends and demand from consumers and investors, including topics of importance to the company's most important stakeholders.

Feedback and input to the long-list is provided from the Group Management and senior executives on a strategy seminar. The final targets are then approved by our Group Management and the Board and then communicated to our employees and our stakeholders.

The Board and the Group Management oversee the progress of our sustainability targets through data collection in various systems. The progress is discussed at every board meeting and at many Group Management meetings (weekly meetings). Progression against the targets is also discussed at our sustainability committee meetings which the CEO chairs.

Embedding sustainability in the organization
Our Healthy Living Sustainability Strategy sets out the aim, the purpose and our goals. The company policy is to produce healthy salmon, with sustainable use of resources, minimum impact on the environment, maximum respect for people, and optimum value for its stakeholders and society. Policy commitments are embedded in the organisation through various mechanisms. Sustainability-related policies are reviewed and approved by the CEO. Each management-level position has sustainability-related responsibilities assigned to it, and the responsibilities are delegated as follows:

- Executive leadership:
  Ensuring governance of the company's sustainability ambitions and that sustainability commitments are integrated into corporate strategies and policies.

- Sustainability department:
  Responsible for driving sustainability in the organisation, ESG reporting, compliance with regulations and sustainability standards, and support for the rest of the organisation to deliver on sustainability targets, including advisory for managers and employees on how to implement policy commitments.

- Quality/Biology department:
  Responsible for avoiding and/or minimising the environmental and biological impact in operations.

- Finance department:
  Responsible for corporate governance, business conduct and compliance with legal regulations.

- Human Resources department:
  Responsible for compliance with human rights, employee engagement

- Health & Safety department:
  Responsible for health and safety in the organisation.

- Procurement department:
  Responsible for ensuring a sustainable supply chain.

- The Group Sustainability Committee:
  Is responsible for assessing the competence needed and for providing necessary training for employees, who are responsible for implementing the policy commitments.

ESRS 2 GOV-2

Sustainability information provided to the Board of Directors
The Board of Directors is responsible for reviewing and approving reported information regarding the company's impact on the economy, environment, and people. For every board meeting, the Board receives a report on the management of material impacts, risks, and opportunities as well as the results and effectiveness of policies, actions, metrics and targets adopted to address these.

The Board of Directors regularly receive updated enterprise risk management overviews. Sustainability impacts, risks, and opportunities are integrated into the enterprise risk management framework. The Board of Directors takes these risks into consideration when overseeing the company's strategy and when making decisions on major transactions. We are, however, still in the process of incorporating sustainability aspects into the procedures for decision-making. This includes quantifying and describing the impacts, risks, and opportunities to ensure that any potential trade-offs are thoroughly outlined.

During 2024, the Board has addressed the following sustainability-related policies:

- Reviewing and approving policy statements on environmental advocacy.
- Reviewing and approving the updated Bakkafrost Climate Policy.

During 2024, the Board has addressed the following sustainability topics:

Sustainability Topics Discussed by the Board in 2024

Sustainability Topic	Discussed (✓/✗)
Environmental	
Climate change & carbon footprint	✓
Renewable energy & energy efficiency	✓
Water management	✗
Biodiversity & ecosystem impact	✓
Circular economy & waste reduction	✓
Sustainable feed sourcing	✓
Emissions & pollution control	✓
Climate risk assessment & adaptation	✓
Social	
Human rights & supply chain due diligence	✗
Workforce well-being & safety	✓
Diversity, equity & inclusion	✓
Community engagement & social impact	✓
Labour rights & fair wages	✓
Employee training & development	✓
Governance	
ESG reporting & compliance (CSRD/ESRS)	✓
Risk management & sustainability integration	✓
Sustainability-linked executive remuneration	✓
Business ethics & anti-corruption	✗
Stakeholder engagement & transparency	✓

ESRS 2 GOV-3

Integration of ESG in remuneration

Our remuneration policy for Board members does currently not incorporate any key performance indicators linked to sustainability. We recognize the importance of such a tool for driving sustainable development and are exploring how to implement it. We have, however, implemented a bonus scheme for all employees (including the management), which integrates sustainability-linked KPIs.

ESRS 2 GOV-5

Sustainability reporting risk management

Bakkafrost's sustainability reporting comprises the collection of quantitative data as required per ESRS and to meet sector-specific reporting requirements adopted from GRI, as well as qualitative statements. This reporting is exposed to the risk of incompleteness, which could result from a lack of data availability internally or from our value chain. Our sustainability reporting is also exposed to the risk of inaccurate data, which could result from poor source data (internal or third party) or human transcription errors.

The primary element of our sustainability reporting risk management is the 'Report Risk Management tool', where we assess the risks of inaccuracy/missing data, etc.
Risks are scored based on an assessment of consequence (defined as the resulting total inaccuracy of the reported information that the error might cause) and the likelihood of the reported information being subject to inaccuracy. The risk assessment currently covers reported quantitative information reported in the sustainability statement of this report.

We are currently establishing internal control processes for our ESG data to match the level of control we have for financial reporting. Since ESG data is not yet managed with the same rigor as financial data and because the complete dataset includes information with varying characteristics and complexities, we anticipate that this project will extend at least into the medium term, if not longer.

Initially, we will focus on ensuring data quality during the data-capturing stage and on establishing control processes for specific data points.

We use the findings from the risk assessment to decide which data should be prioritized first and elevated to the same control level as financial data.
In addition, reported qualitative information is checked for misinformation via proofreading, both by 'sustainability staff' as well as the relevant managers responsible for the area which is reported.

Identified risks
We conducted a risk assessment of the reported data points included in the 2023 Annual Report. This assessment revealed that Scope 3 GHG emission reporting is exposed to the highest risk of inaccuracy. This can affect the overall accuracy of the report and reporting for other purposes, such as ESG ratings.
The categories with the highest risk include 'Purchased Goods and Services,' 'Upstream Transportation and Distribution,' 'Processing of Sold Product,' 'Use of Sold Product,' and 'Downstream Transportation and Distribution.'

Additionally, we face the risk of inaccurate reporting concerning the 'Average Number of Training Hours per Employee.' The current dataset has significant gaps in this area.

Given that the primary risks are associated with Scope 3 reporting, we will prioritise Scope 3 reporting moving forward. We plan to:

- Engage with stakeholders to collect product-specific GHG emission factors to increase the accuracy of the reporting of 'Purchased goods and services', which accounts for the largest share of the total scope 3 emissions.
- Implement new technological solutions to capture information from invoices and record it into our ERP system. This will enable continuous data control.
- Increase the reporting frequency, which will also support further data control.

To enhance our control measures, we have implemented a requirement for all internal colleagues to provide documentation for any reported quantitative data points related to the Annual Report. This ensures that centralized control processes can verify the sources of the figures provided.

Bakkafrost's external auditor provides limited assurance on all quantitative data reported in the sustainability statement of this report.

As an extra control process for GHG emissions data and to alleviate and manage the risks, Bakkafrost has appointed a third-party consultant responsible for checking the completeness of the data, identifying gaps, and analysing the data to determine errors or discrepancies.
Our consultant uses a risk-based data quality approach in which the quality and completeness of the data can be assessed. The consultant adopts a Data Quality Scoring approach as a tool to assess quality and completeness. This includes three scoring categories: Accuracy, Efficiency of data and Ability to realise savings from the data. This approach to data reporting enables the Consultant and Sustainability Team to verify data and rectify any irregularities or errors in data gathered from both internal and external sources.

Findings from the sustainability reporting risk assessment and updates on the status of implementing control measures are presented to the Board at least once a year.

ESRS 2 GOV-4

Statement on due diligence

Core elements of due diligence		Paragraphs in the sustainability statement
A)	Embedding due diligence in governance, strategy, and business model	ESRS 2 GOV-2; ESRS 2 GOV-3; ESRS 2 SBM-3
B)	Engaging with affected stakeholders at all key steps	ESRS 2 GOV-2; ESRS 2 SBM-2; ESRS 2 IRO-1; Environment: E3-1; E4-2 Social: S1-1; S1-2; S1-3; S2-2; S3-2; S4-2 Governance: G1-1; G1-2
C)	Identifying and assessing adverse impacts	ESRS 2 IRO-1 Environment: E2-2 Social: S1-3; S2-3; S3-3; S4-3
D)	Taking actions to address those adverse impacts	Environment: E1-3; E2-2; Social: S1-4; S2-4; S3-4; S4-4 Governance: G1-3
E)	Tracking the effectiveness of these efforts	Environment: E1-4; E1-5; E1-6; E3-3; E3-4; E4-4; E5-3; E5-3; E5-5 Social: S1-4; S1-5; S1-8; S1-9; S1-10; S1-12; S1-13; S1-14; S1-16; S1-17; S2-5; S3-5; S4-5 Governance: G1-4; G1-6; Entity-specific metrics

ESRS 2 SBM-1

Strategy, business model and value chain

A description of our strategy, business model and value chain, including Bakkafrost's groups of products, revenue, headcount of employees, targets, and key inputs and outputs, is provided in the 'Introduction' section of this Integrated Annual Report in the chapter 'Business Model'.

ESRS SBM-2

Stakeholder engagement

As the biggest private employer in the Faroe Islands and among the important employers in the rural regions of Scotland, we recognise our duty to act responsibly and think long-term for the future health of our business and the areas in which we operate. We understand the significance of engaging with stakeholders, and we regularly communicate with various stakeholders on different topics. We actively create opportunities for stakeholders to share their interests and views through regular dialogues, open days, supplier events, local cultural events, employee involvement and sustainability surveys etc. The purpose of this engagement is to ensure that Bakkafrost operates on an informed basis, taking into consideration the views of affected stakeholders and ensuring value-creation for all stakeholders involved.

Each department within Bakkafrost is responsible for identifying relevant stakeholders and arranging for appropriate initiatives to ensure that our stakeholders regularly have the opportunity to communicate their views, concerns and expectations for us as a business.

We use the input from stakeholders to guide our business strategy and sustainability efforts, and we made sure to include a wide range of external stakeholders to inform our double materiality assessment to ensure that our ESG reporting meets the needs and expectations of our stakeholders. When we analysed the input provided by stakeholders through the double materiality assessment, we generally found that the stakeholders consider almost all sustainability topics relevant to report on for Bakkafrost. This was expected, as we have one of the most extensive and diverse value chains in the industry operating in different business areas, from the production of feed to salmon farming to being a vessel operator to biogas production, and in 2024 we will also be operating within the area of cargo aviation.

The CEO receives reports on stakeholders' opinions and concerns and passes them on to the board of directors if they are considered material for the business.

We consider our own employees as key stakeholders, and we understand the importance of providing them with the opportunity to express their interests and views on the operations. We conduct quarterly employee engagement surveys which function as the platform in which the employee's views inform the company's strategy and business model.

The results from the engagement surveys are presented and discussed at Board level, Group Management level, and key executive level.

An overview of Bakkafrost's stakeholder engagement can be found on the next page.

How people in Bakkafrost's own workforce inform the company's strategy

The employee engagement survey is Bakkafrost's main tool for ensuring that the interests, views, and rights of people in the company's own workforce inform the company's strategy.
Input regarding the human rights of the workforce is collected through a combination of the engagement survey and the internal whistleblower mechanism.
In general, Bakkafrost operates in highly regulated regions, which significantly minimises human rights issues.

How value chain workers inform the company's strategy

Bakkafrost takes a preventive approach regarding potential impacts on the human rights of value chain workers. We utilise a selective procurement strategy to avoid negatively impacting these workers' human rights. In practice, we often rely on certifications to verify that value chain workers operate under acceptable conditions that respect their human rights. These certifications are regularly renewed, enabling us to continuously perform due diligence regarding human rights.

How affected communities inform the company's strategy

Bakkafrost has integrated the views, interests, and rights of affected communities into its strategy by holding and undergoing regular audits for various certifications. These certifications include requirements that pertain to the communities impacted by their operations, such as those set by the Aquaculture Stewardship Council (ASC). For instance, the ASC mandates that the company's marine farming sites engage in regular and meaningful consultations with community representatives and organizations.

In practice, this means that Bakkafrost actively communicates with local stakeholders, including mayors, providing them the opportunity to voice their concerns on various topics, such as environmental and social issues.

Bakkafrost has implemented a policy that mandates the company to hold hearings and other forms of engagement when initiating major new constructions or projects in local communities. Additionally, we will begin mapping all affected communities as part of an initiative designed to ensure that these communities can provide input to the company's strategy.

How consumers and end-users inform the company's strategy

Consumers and end-users are essential stakeholders for Bakkafrost, and their interests, views, and rights significantly influence the company's strategy and business model. Bakkafrost regularly collects input from these stakeholders through customer ratings and net promoter scores. Additionally, they express their opinions via public channels, including social media and the company's own websites.

Feedback from consumers and end-users, including business-to-business customers, has played a significant role in past decisions, such as obtaining various certifications (e.g., ASC), producing specific types of products, and adjusting the transportation of goods. This underscores Bakkafrost's commitment to prioritising the needs, preferences, and expectations of consumers and end-users in its strategic decisions.

Purpose of stakeholder engagement

The purpose of stakeholder engagement is to establish and maintain meaningful relationships with those impacted by our actions. Understanding stakeholders' perspectives informs our due diligence process and our double materiality assessment, which includes our impacts, risks, and opportunities (IROs). Bakkafrost considers stakeholders' needs, concerns, and feedback to foster mutual understanding, build trust, and achieve successful outcomes.

ESRS 2 SBM-2

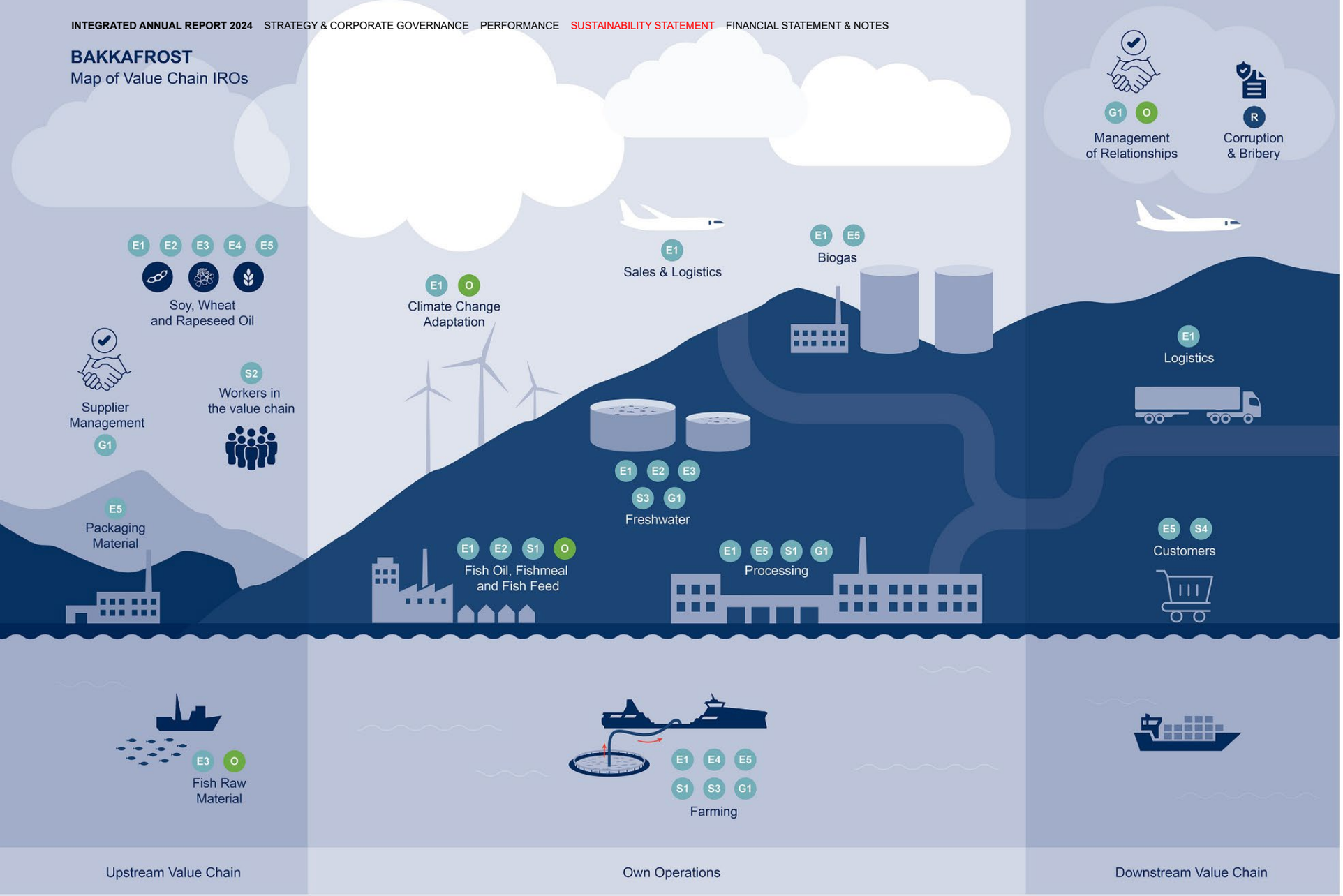
Stakeholder engagement overview

Group	Engagement mechanisms	Engagement	Outcome
Employees	• Whistleblower mechanisms • Employee Engagement Survey • Digital Communication Platform • Staff Forums • Toolbox Talks • Weekly newsletter • Healthy Living Awards • Appraisal • Bonus scheme • Company Day	• Employees have access to an online whistleblower mechanism. • We run regular employee engagement surveys and additional feedback surveys. • Programme of Engagement • Quarterly meetings with elected employee representatives • Team briefings with Health & Safety focus • Business updates for all employees • Team awards recognising achievement and encouraging positive behaviour • Appraisal programme + Sustainability-linked employee bonus scheme	• Internal policy updates. • Management communication • 20 Healthy Living Awards handed to Bakkafrost employees. • Employees are awarded free bonus shares depending on achieved KPIs. • A Company Day for all Bakkafrost employees
Employees Unions	• Regular contact and ongoing meetings with Unions • Regular employee working group meetings	• Main topics: labour conditions, remuneration, health and safety, human capital	• Internal policy updates • Remuneration updates
Customers	• Sustainability double materiality assessment every 2-3 years. • Biennial Customer Summit (which all customers are invited to) • Annual online survey • Annual engagement at seafood exhibitions including e.g.: Seafood Expo North America (Boston), Seafood Global (Barcelona), World Food Shanghai Exhibition (Shanghai), Ocean Group (California), Seafood Show (San Diego), Wabel Frozen Summit (Paris) • Annual engagement at client summits • Annual Customer feedback survey • Virtual Events • Programme for long-term customer partnerships • Customer visits at headquarters	• Main topics: certification, quality, satisfaction, international relations, packaging, and product development. • We have trialled some changes to our packaging, including reducing plastic on our retail tail bags due to customer feedback. • In 2024 we hosted a customer summit both in the Faroe Islands and the USA.	• Updating marketing strategies • Increased transparency • Customer relations

Group	Engagement mechanisms	Engagement	Outcome
Suppliers	• Sustainability double materiality assessment every 2-3 years. • Ongoing engagement • Supplier audits • Sedex • Local Sourcing Policy + Supplier Summit • Supplier scoring system	• Main topics: certification, quality, company standards (including human rights, health and safety and environmental standards). • Supply chain compliance programme, all suppliers are carefully assessed to ensure performance to an appropriate ethical standard • Source locally where possible, supplier engagement sessions • We aim to have a yearly supplier day, either in the Faroe Islands or Scotland • Suppliers are classified as gold, silver and bronze suppliers, through an assessment made by Bakkafrost by engaging with suppliers on ESG and financial queries	• Bakkafrost engaged with suppliers through various channels such as interviews, emails, workshops, and questionnaires to identify the most material information to report according to the CSRD directive • Supplier queries answered. • Sustainable supply chain
Government and regulatory bodies	• Regular ongoing engagement • Salmon Scotland Membership	• Main topics: licenses and registration, fish health & welfare, pollution, biogas plant, ethical conduct, international relations, UN Sustainable Development Goals • We continue engagement with government and regulatory bodies to advance sustainable development Industry Trade bodies to champion the sector's interests. • In 2024, we participated in a comprehensive research pilot project on Circular value chains by the EU Commission's Directorate General for Research and Innovation (DG RTD).	• Host visits for political parties. • Aligning Business strategy.
Local communities	• Sustainability double materiality assessment every 2-3 years. • Ongoing engagement with local councils, harbour masters, and interest groups • Periodic engagement at industry events with Faroese business community Annual local events such as Seaman's Day and Day at Sea • Programme of community events and sponsorship • Community consultation • Community Charter and Fund	• Main topics: new building projects, community investment, waste, water, pollution, value creation. • We host visits at our Faroese headquarters and continue our partnerships with local educational institutions. • Site development plans – where relevant	• Participate in different annual local events where free salmon meals are handed out. • Educate by hosting visits and teaching in the educational institution. • Local project support. • Discovering of community benefits
Investors	• Quarterly investor roadshows and periodic engagements • Biennial Capital Markets Day (which all investors are invited to) • Annual engagement on investor ESG ratings • Sustainability double materiality assessment every 2-3 years. • Periodic investor visits	• Main topics: transparency on all material issues. Bakkafrost has increased transparency on material issues in each annual Sustainability Report; we continually report against the CSRD directive.	• Investor queries get answered. • ESG ratings improvement.

Group	Engagement mechanisms	Engagement	Outcome
NGOs	• Sustainability double materiality assessment every 2-3 years.	• Main topics: pollution, fish health and welfare, community engagement. • Represented on committees	• Improvement of business strategies.
Certification bodies	• Ongoing engagement with third-party certification bodies, including the ASC, BAP and GLOBALG.A.P. • Sustainability double materiality assessment every 2-3 years.	• Main topics: certification, quality (including food safety), health and safety.	• Product quality secured.
Industry groups	• Ongoing engagement with groups, including the Faroese Working Environment Service and Faroese • Maritime Authorities, Faroese Employers Association and Faroese Aquaculture Association, Global Salmon Initiative (GSI) • Sustainability double materiality assessment every 2-3 years.	• Main topics: fish health and welfare, human rights, innovation, collaboration and certification, international relations, health and safety, pollution, feed ingredients, and transparency.	• Partnerships and collaborations
Industry experts and academics	• Ongoing engagement with external vets • Sustainability double materiality assessment every 2-3 years. • Sustainability training with experts • Partnerships	• Main topics: all material issues. • Extended partnership with the University of Faroe Islands on various biological topics, including establishing a baseline for marine biological diversity in the Faroe Islands + Participation in research projects • In 2024, we committed to a long-term collaborative carbon capture project involving experts, universities, public institutions, energy suppliers, and private companies. The project includes 21 collaborators, mainly from Europe, with additional partners from India and the USA. This initiative is ongoing.	• Updated animal welfare policies and procedures • Reduced carbon emissions • Partnerships and collaborations

BAKKAFROST
Map of Value Chain IROs



Positive and Negative Impacts
Risk
Opportunities

E1 Climate Change E2 Pollution E3 Water and Marine Resources E4 Biodiversity and Ecosystems E5 Resource Use and Circular Economy
S1 Own Workforce S2 Workers in the Value Chain S3 Affected Communities G1 Business Conduct / Animal Welfare

ESRS 2 SBM-3

Summary of Material Impacts, Risks and Opportunities

We conducted a double materiality assessment identifying 49 material sustainability topics based on their environmental, social, or governance impact and/or financial relevance. These are disclosed in line with ESRS 2 SBM-3 §49.

Environment	Impact
Climate change mitigation	PI, NI, R
Climate change adaptation	O
Energy	NI
Pollution to air	NI
Pollution to soil	NI
Pollution to water	NI
Marine Resources	NI, O
Water	NI, R
Impacts on the extent and condition of ecosystems	NI, R, O
Direct impact of biodiversity loss	NI, R
Impact on the state of species	NI
Resource inflows, including resource use	NI
Resource outflows related to products and services	NI
Waste	PI, NI

Social	
Working conditions	NI
Equal treatment and opportunities for all	PI, NI
Working conditions	NI
Rights of Indigenous people	NI
Entity specific – Job creation	PI
Personal safety of consumers and/or end-users	PI, NI, O

Governance	
Management of relations with suppliers including payment practices	NI
Corruption and bribery	R
Animal Welfare	NI, R, O
Political engagement and lobbying activities	O

PI: Positive impact **NI**: Negative impact
O: Financial Opportunity **R**: Financial Risk

ESRS 2 IRO-1

Double Materiality Assessment

Bakkafrost conducted a double materiality assessment (DMA) in two phases, with an initial assessment taking place between November 2023 and January 2024, and an updated assessment conducted between October and December 2024. This process was designed to align with the requirements of ESRS 2, IRO-1, and the EFRAG Implementation Guidance.

The first assessment established the foundation for identifying and evaluating material impacts, risks, and opportunities (IROs) but revealed areas for improvement. Specifically, the initial process lacked a direct mapping from ESRS topics, sub-topics, and sub-sub-topics to the associated datapoints, and the quality of internal ratings by managers was inconsistent. To address these shortcomings, the updated assessment ensured better alignment with ESRS requirements and involved improved stakeholder engagement and capacity-building for managers.

Description of the general process

- Understanding the Context
  The first step involved analysing Bakkafrost's activities, business relationships, value chain, and stakeholder landscape in accordance with ESRS 1, paragraph AR16.
  The analysis covered current ESG activities, legal and regulatory requirements, and benchmarking against competitors' and suppliers' ESG activities.

  Stakeholder interviews and desk research were conducted to identify relevant sustainability matters, with particular emphasis on Bakkafrost's feed production facility (Havsbrún) and sourcing of raw materials such as soy and rapeseed oil, which are considered to have heightened environmental and social risks.

  During the process, we particularly focused on relationships likely to be associated with material impacts, including actors associated with 'hot spots' that are exposed to the likelihood of actual and potential impacts (e.g., natural resource sourcing from areas with high deforestation rates or production in countries with poor working conditions). We also focused on actors with whom we have key dependencies.

  We used the following factors to differentiate actors:
  a) Proximity to business (e.g. tier 1, tier 2, tier 3 etc.)
  b) Connection to adverse impacts
  c) Degree of leverage or influence of value chain actor over the undertaking or vice-versa
  The most important factor is b, and the determination should not be primarily based on either a or c.

- Identification of Potential Material Impacts, Risks and Opportunities
  Based on the analysis performed in Phase 1, an ESG long list with potential material impacts, risks and opportunities was developed, categorising sustainability matters into ESRS topics and sub-topics, supplemented by entity-specific considerations for Bakkafrost.
  Matters with overlapping formulations were aggregated during this step, narrowing the number of potential impacts, risks and opportunities down.

- Rating of identified impacts, risks and opportunities
  Phase 3 focused on assessing the materiality of the identified impacts, risks and opportunities to inform the consolidation of the results in Phase 4. This was accomplished through two ratings, followed by a review and reassessment.

First rating: Stakeholder survey

The first rating, performed via an online survey, included engagement with affected stakeholders. The purpose of the survey was to potentially delimit the number of potential material matters planned for more detailed assessment in the second rating; directly involve and include stakeholder perspectives to inform the management's consolidation of results; and provide insights for future actions, i.e., from gaining input from stakeholders on specific concerns or expectations for Bakkafrost.
66 approved sustainability matters were included in the survey, and all stakeholders received the same questions to assess.

The impact-related stakeholder groups who received the survey were:

- Employees
- Customers
- Industry associations
- Local communities
- Authorities

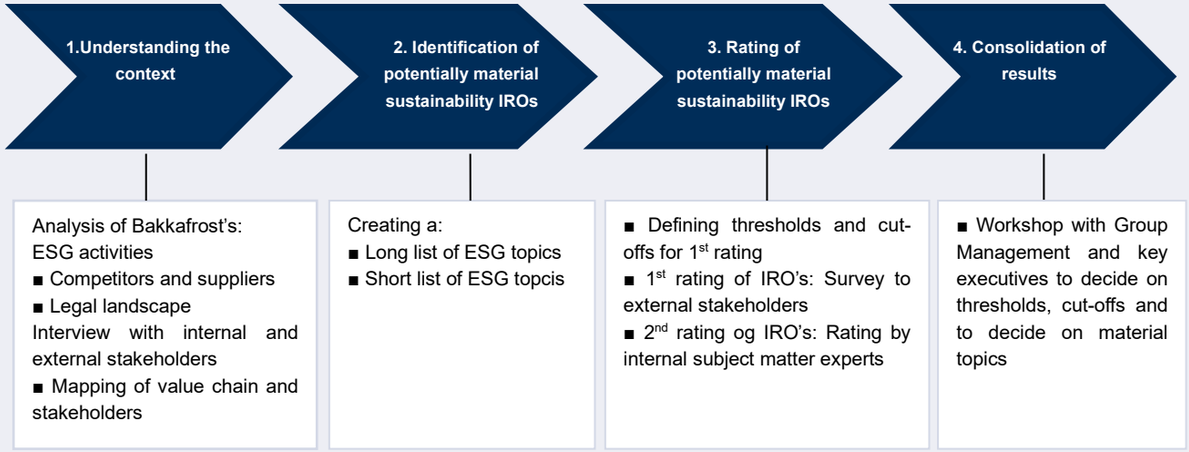
The financial stakeholder groups were:

- The Bakkafrost management
- Banks
- Financial and ESG analysts
- Investors

In total, 144 stakeholders received the survey.

Suppliers were not engaged as the risk of them providing biased feedback was too high. Instead, we have emphasised the importance of considering IROs arising from the supply chain in the assessment, especially in the second rating.
Each respondent was asked to rate the materiality of the identified sustainability matters in relation to Bakkafrost on a scale from 1-5 as follows:

5 is crucial
4 is important
3 is neutral
2 is less important
1 is not important



To further narrow down the number of potential material sustainability matters, a first-level cut-off at an average score of 3 or higher was anticipated. Matters with an average score above 3 would be included in the second rating.
However, the results showed that all topics were rated high, and no matter was given an impact or financial score below 3.5.

Due to the high scores, all 66 topical matters were included in the second rating, and it was decided that the first rating stage could not be used to limit the number of sustainability matters in the second rating. However, the first rating stage provided relevant information, which was included alongside the rating results for the second rating.

Second rating: Assessment by Subject Matter Experts

For the second rating stage, we engaged internal subject matter experts (SMEs) to perform a detailed rating of the impacts, risks and opportunities remaining material after the first rating.
The SMEs performed the rating on sub-topic and sub-sub-topic levels as presented in AR16 of ESRS 1.

Rating of impacts

Actual negative impacts were rated on a scale from 1 to 5 regarding severity (scale, scope, and irremediability).
For potential impact, the likelihood was also provided and rated as a percentage from 0% to 99%.

Rating of risks and opportunities
The assessment of financial materiality was based on a combination of the likelihood of occurrence (0%-100%) and the potential magnitude of financial effects, and all matters were considered from a short-, medium- and long-term perspective.

For the assessment of the magnitude of financial effects, the following quantitative thresholds were applied:

Magnitude of financial effects	From mDKK (lower limit)	To mDKK (upper limit)
0	0	10
1	10	30
2	30	100
3	100	200
4	200	500
5	500	99999

The ISA 320 standard was used as a guiding instrument for defining the cut-off level, as it stipulates 1% for revenue and costs, and 5% for profit before tax as relevant materiality levels in the context of financial reporting. When defining financial materiality in accounting processes, companies therefore typically work with a threshold of between 1-3% of annual revenue. Bakkafrost's annual revenue for 2022 constituted 7,300 mDKK, and the threshold of 1% is therefore equal to roughly 73 mDKK. Based on this, the estimated financial risk/opportunity for each topical matter is therefore calculated by multiplying the maximum exposure of each scoring level cf. the table above with the likelihood of occurrence.
If a risk or opportunity is estimated to exceed 1% of annual revenue (73 mDKK) the topical matter would thus be defined as material from a financial perspective.
However, to further guide the definition of financial materiality in the context of the double materiality assessment, the Pareto principle was applied to understand the total identified risks or opportunities. This principle is used to guide financial decisions, as it is estimated that around 80% of consequences often come from 20% of the causes.

By applying the Pareto principle, it is estimated that topical matters with individual maximum risk exposures of 50 mDKK or above constitute 67.1% of the total identified risks for Bakkafrost. At this level (50 mDKK), the risk exposure of each topical matter represents approximately 0.7% of Bakkafrost's annual revenue. This (50 mDKK) is defined as the threshold for material financial risk.

Third rating: Review and reassessment
In October 2024, we updated the assessment of impacts, risks, and opportunities originally identified in 2023/2024. This update aimed to achieve two key objectives: first, to ensure that any changes in the severity of impacts or the magnitude of risks and opportunities were accurately captured and reflected in this report, and second, to address inconsistencies observed in the ratings provided by internal subject matter experts (SMEs).

To support this effort, we prioritised the preparation of SMEs by ensuring they had a comprehensive understanding of the scoring methodology. A consultancy with extensive expertise was engaged to provide targeted guidance, particularly on evaluating scale, scope, and irremediability. Their input, supplemented with concrete examples, significantly improved the accuracy and consistency in the application of the scoring methodology. Additional guidance was provided on how to evaluate positive impacts, ensuring enhanced judgment in establishing appropriate quantitative and/or qualitative thresholds for reporting. This approach ensured that only positive impacts that genuinely went 'above and beyond' were identified and addressed during the process.

A notable enhancement introduced during the third rating was integrating a human rights impact indicator into the assessment tool. For impacts related to human rights, severity—assessed in terms of scale, scope, and irremediability—was weighted by an additional 25%. This adjustment ensured that severity took precedence over likelihood, in alignment with ESRS guidelines.

The review and reassessment identified 34 material impacts (both positive and negative) and 13 risks and opportunities; 47 IROs in total. These are the IROs that are addressed in this report.

Phase 4: Consolidation of results
A workshop was conducted to review and consolidate the results to finalise the double materiality assessment. All relevant information from the first and second ratings was compiled into a comprehensive table, which served as the foundation for Bakkafrost management to determine materiality.

If a topical matter had been identified as material from either an impact or financial perspective, management retained the ability to reevaluate its materiality during the workshop. However, this required presenting a well-reasoned argument to justify why the matter should not be classified as material, ensuring that any decision to exclude a topic was fully substantiated.
Additionally, management had the discretion to include topics that had previously been assessed as immaterial, taking a comprehensive and inclusive approach. The consolidation process resulted in a final list of material impacts, risks, and opportunities (IROs).

Update of Final Material IROs
As noted in the section 'Third Rating: Review and Reassessment', a reevaluation of the double materiality assessment was conducted from October to December 2024. This process identified 34 material impacts and 13 material risks and opportunities, which were first validated by relevant internal managers and subject matter experts (SMEs) and then approved by Group Management.
The 47 material IROs identified during the late 2024 assessment have replaced those identified in the initial double materiality assessment, providing a more refined and updated foundation for the company's reporting and strategy.
With the updated double materiality assessment, we identified impacts, risks, and opportunities at a more granular level. This allowed us to report on specific impacts, risks, and opportunities rather than limiting reporting to sub-topic or sub-sub-topic levels. Consequently, the reevaluated DMA enabled us to complete the final stage of the process: mapping the identified material IROs to specific datapoints. We primarily relied on the 'ID 177 – Links between AR16 and Disclosure requirements' document issued by EFRAG in June 2024.
Previously, we had assessed that reporting was required on all datapoints outlined in the ESRS. However, with the refined approach, we reduced the number of required datapoints to approximately 750, ensuring a more focused and efficient reporting process.

Integration into Risk Management
The double materiality assessment was integrated into Bakkafrost's broader risk management framework, which identifies, evaluates, and manages sustainability-related dependencies, impacts, risks, and opportunities. This ensures that the assessment outcomes are systematically considered in decision-making and strategy development.
Bakkafrost plans to conduct annual reevaluation processes of the double materiality assessment outcomes. This is part of the internal control procedures that ensure the validity of the identified material impacts, risks, and opportunities and capture potential new IROs.
The frequency of reevaluation will differ. In some years, we will perform a 'light' update of the DMA, while we plan to carry out a full DMA every three to four years.
By conducting these reevaluations, we consider the process of identifying, assessing, and managing impacts, risks, and opportunities to be integrated into our overall management process.

Changes in Process Compared to Prior Reporting Period
The updated assessment, conducted between October and December 2024, introduced:

- Updated materiality assessment of identified IROs
- Enhanced capacity-building for internal stakeholders conducting materiality assessments
- Conducted mapping from sub-topics and sub-sub-topics to datapoints (datafiltration)
- A more structured and granular prioritization framework for assessing impacts and opportunities.

E1 IRO-1

Process to identify and assess material climate-related impacts, risks and opportunities
To identify and assess our climate impacts, we have established live monitoring of our scope 1 and 2 GHG emissions across all sites within our direct operations. The progress in reducing carbon emissions from direct operations is regularly reported to the Group Management and the Board of Directors.

Bakkafrost's climate-related risks and opportunities (R&Os) are identified and assessed through our TCFD-aligned climate scenario analysis which both covers climate-related physical R&Os as well as climate-related transitional R&Os. The analysis covers both direct operations as well as the company's upstream and downstream value chain.

When conducting the climate scenario analysis, we applied an approach of including as wide a spectrum of scenarios as pos-

sible to be sure to also capture the most extreme potential climate-related impacts on Bakkafrost.

Bakkafrost might face financial effects from a high-emission climate as it is particularly directly dependent on ocean temperatures and indirectly dependent through the sourcing of agri-commodities for feed production. Therefore, to enable identification and assessment of the effects of climate-related hazards in a high-emission climate, we included a scenario with the highest projected temperature increase (4.0ºC and above), combined with a time horizon that sufficiently captures the full effects of the physical risks of the scenario (2070).

We also wanted to include a scenario in which policymakers decide to transition quickly and temperatures are kept at 1.5ºC with no or limited overshoot. This was done to capture the most extreme transition scenarios, particularly the risk of increased costs through carbon taxes if the business has not timely shifted to renewable energy and the availability of sustainable commodities for feed production.

For the assessment of how assets and business activities may be exposed to climate-related hazards and climate-related transition events, we applied a three-step approach:

1. Assess materiality

We screened our entire value chain, including our upstream and downstream value chain and our direct operations. This resulted in a long list of 10 relevant physical risks, 19 relevant transition risks, and 10 relevant climate opportunities.

2. Identify scenarios and time horizons

Then, subject matter experts agreed on which scenarios (SSPs and RCPs) and which scenario narratives to apply for the analysis. The agreed scenario narratives were as follows:

SSP-RCP	Scenario narrative	Estimated warming (2041-2060)	Estimated warming (2081-2100)	Very likely range (2081-2100)
SSP1 RCP1.9 (Early transition)	Very low GHG emissions: CO2 emissions cut to net zero around 2050	1.6 °C.	1.4 °C	1.0 – 1.8 °C
SSP2 RCP2.6 (Late transition)	Low GHG emissions: CO2 emissions cut to net zero around 2075	1.7°C	1.8°C	1.3 – 2.4 °C
SSP2-5 RCP8.5 (Hot house)	Very high GHG emissions: CO2 emissions triple by 2075	2.4°C	4.4°C	3.3 – 5.7 °C

Subject matter experts also agreed on working with the time horizons of 2050 and 2070 which the scenario analysis should be applied against. These time horizons were chosen to reflect a sufficiently long-term timeframe in order to adequately capture physical risk exposure (2070) while also allowing cross-comparison with transition risks (2050).

3. Evaluate impacts

During a workshop, the long list of climate risks and opportunities was prioritised based on assessments against the three climate scenarios and the two time horizons. The prioritisation resulted in a shortlist of risks and opportunities, which underwent scenario and financial modelling.

When modelling the potential impacts of the risks and opportunities, we have taken into account the likelihood of the occurrence of the risk and opportunities as well as the expected impact (based on prior incidents or projections if no incidents could be applied) and the duration, which was categorised as 'acute' or 'chronic'. Also, the geographical locations of the direct and indirect operations have been taken into account. The geographical location mainly fed into the determination of the likelihood of the risk.

The outcome of the climate scenario analysis, particularly the most material climate-related risks and opportunities, was used as input for the double materiality assessment. This includes the risk of the introduction of carbon taxes as well as risks related to sourcing agricultural commodities for feed production. However, as most of the risks quantified as part of the climate scenario analysis are expected to become a potential concern for the business over the longer term, only the most material risks and opportunities identified in the analysis were also included as material risks and opportunities in the double materiality assessment.

Sources for Climate Scenario Analysis

For climate scenarios, we referenced UNFCC's Shared Socio-Economic Pathways, and to capture physical risks, we used the Representative Concentration Pathways (RCP) adopted by IPCC.

E2 IRO-1

Process to identify and assess material pollution-related impacts, risks and opportunities

Pollution-related impacts, risks, and opportunities have been identified through a combination of desktop analysis, a review of current regulatory and certification requirements, and interviews with internal and external subject matter experts. These experts provide insights based on ongoing impact and risk assessments and continuous reporting on pollution-related metrics within our own operations. Site screening serves as a foundational element of these assessments and monitoring efforts. Therefore, we consider site screening to be an integral part of the process of identifying and evaluating material pollution-related impacts, risks, and opportunities.

We did not conduct screening of specific sites in our upstream and downstream value chain.

Engagement with affected communities played a key role in our double materiality assessment. For example, mayors and other council members were invited to participate in an online survey, where they were asked to assess the materiality of various ESG topics related to Bakkafrost's operations.

E3 IRO-1

Process to identify and assess material water and marine resources-related impacts, risks and opportunities

During the double materiality assessment, we relied on interviews with internal subject matter experts and historical company-specific environmental data to capture site-specific water-related impacts, risks, and opportunities (IROs) within our own operations. This included metrics such as water withdrawals, consumption, and discharges, as well as the quantities of marine resources sourced for salmon feed production.

For water- and marine resource-related IROs across our upstream and downstream value chain, we conducted desktop research and leveraged continuously collected data. This included using the WRI Aqueduct Water Risk Atlas to assess water stress in regions where we source large quantities of commodities for salmon feed production.

We consulted with local municipalities, councils, and other stakeholders through an online survey to consult the communities potentially affected by our direct operations.

E4 IRO-1

Process to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities

Biodiversity and ecosystem-related impacts, risks, and opportunities have been identified through a structured approach that integrated desktop analysis, a review of current regulatory and certification requirements, and interviews with internal and external subject matter experts. Key data insights were also used, including data captured through benthic monitoring at our farming sites in the Faroe Islands and Scotland. This data also includes measurements of benthic fauna and various other biodiversity-related quantitative indicators.
We also regularly conduct Environmental Impact Assessments (EIAs) and regulatory and certification compliance audits at sites across our in-house value chain, which formed the foundation for identifying and evaluating biodiversity-related impacts, risks, and opportunities.

The assessment criteria applied at our own sites included measuring changes in seabed conditions and trends in benthic fauna populations, tracking sea lice occurrence and its potential effects on marine ecosystems, assessing the quality of freshwater withdrawals and discharges to prevent ecosystem degradation, and evaluating land use impacts associated with our aquaculture and processing infrastructure.

For identifying and assessing biodiversity-related IROs in our upstream and downstream value chain, we did an initial screening of the value chain, revealing that raw material sourcing for salmon feed production represented our most significant engagement with biodiversity-related impacts. As part of our ongoing work to identify and assess site-specific biodiversity-related impacts, risks and opportunities, we use deforestation risk mapping, which also functioned as input for the double materiality assessment as well as using input from various other risk assessments and tools which complemented the process, including integration of water risks identified through the WRI Aqueduct Water Risk Atlas.

As part of the process to identify material impacts, risks and opportunities related to biodiversity, we also considered the dependencies that Bakkafrost has on the services that ecosystems provide. Bakkafrost is particularly dependent on ecosystem services provided by the marine environment in the Faroe Islands and Scotland which enables Bakkafrost to farm high-quality salmon.
In the upstream and downstream value chain, we particularly considered the climate and ecosystem-related conditions that enable the production of agricultural commodities.
We also considered the likelihood of these dependencies changing or being disrupted, and none are expected to change within an immediate time range.

As of the end of 2024, we have not yet integrated TNFD-aligned scenario analysis into our ESRS biodiversity disclosures. However, we are actively progressing on this topic and will continue developing our approach in early 2025.
For more detailed insights into biodiversity-related risks, opportunities, and scenario analysis, we refer to our separate TNFD Report, which is expected to be published in the first half of 2025, subject to board review.

We have engaged directly with suppliers at heightened risk of having biodiversity-related impacts on affected communities, including suppliers of soy, and through the use of certifications, we also ensure free, prior and informed consent from the communities in the areas in which commodities for feed production are produced. Thus, we consider to have conducted indirect consultations with affected communities.
We continue to be particularly aware of the potential impacts that the production of these raw materials can have on the biodiversity and ecosystems in these areas and, consequently, the potential effects on the affected communities.

Bakkafrost has sites in and near biodiversity-sensitive areas in Scotland. However, as validated by certification bodies that take samples from the areas, none of these sites is assessed to negatively affect biodiversity in these areas.

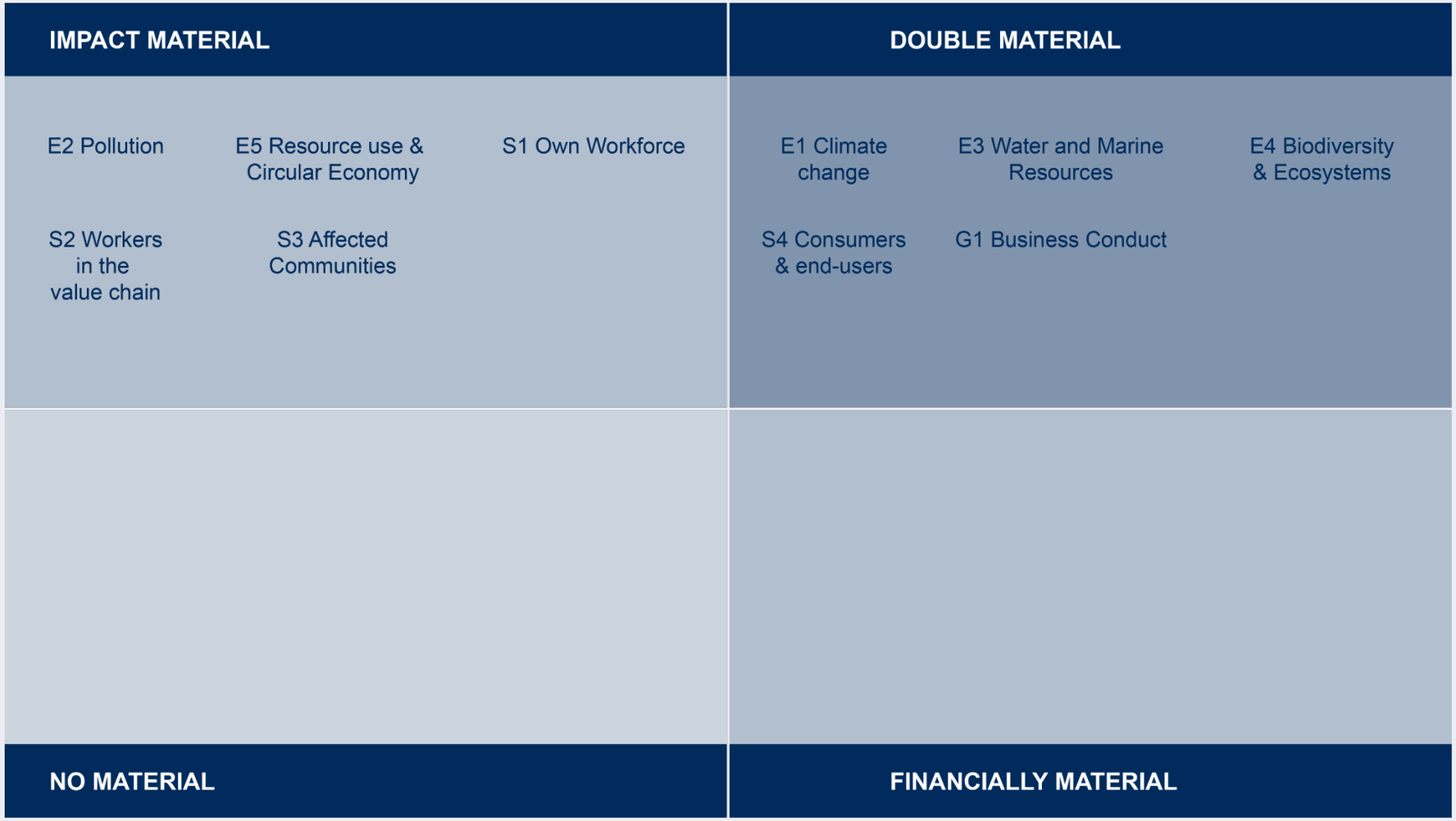
E5 IRO-1

Process to identify and assess material resource use and circular economy-related impacts, risks and opportunities

Resource use and circular economy-related impacts, risks, and opportunities have been identified through a combination of desktop analysis, a review of current regulatory and certification requirements, and interviews with internal and external subject matter experts. These experts provide insights based on ongoing impact and risk assessments and continuous reporting on resource use and circular economy-related metrics within our own operations. Site screening serves as a foundational element of these assessments and monitoring efforts. Therefore, we consider site screening to be an integral part of the process of identifying and evaluating material resource use and circular economy-related impacts, risks, and opportunities.

We did not conduct screening of specific sites in our upstream and downstream value chain.

Engagement with affected communities played a key role in our double materiality assessment. For example, mayors and other council members were invited to participate in an online survey assessing the materiality of various ESG topics related to Bakkafrost's operations.



ESRS 2 IRO-2

Disclosure requirements in ESRS covered by this Sustainability Statement

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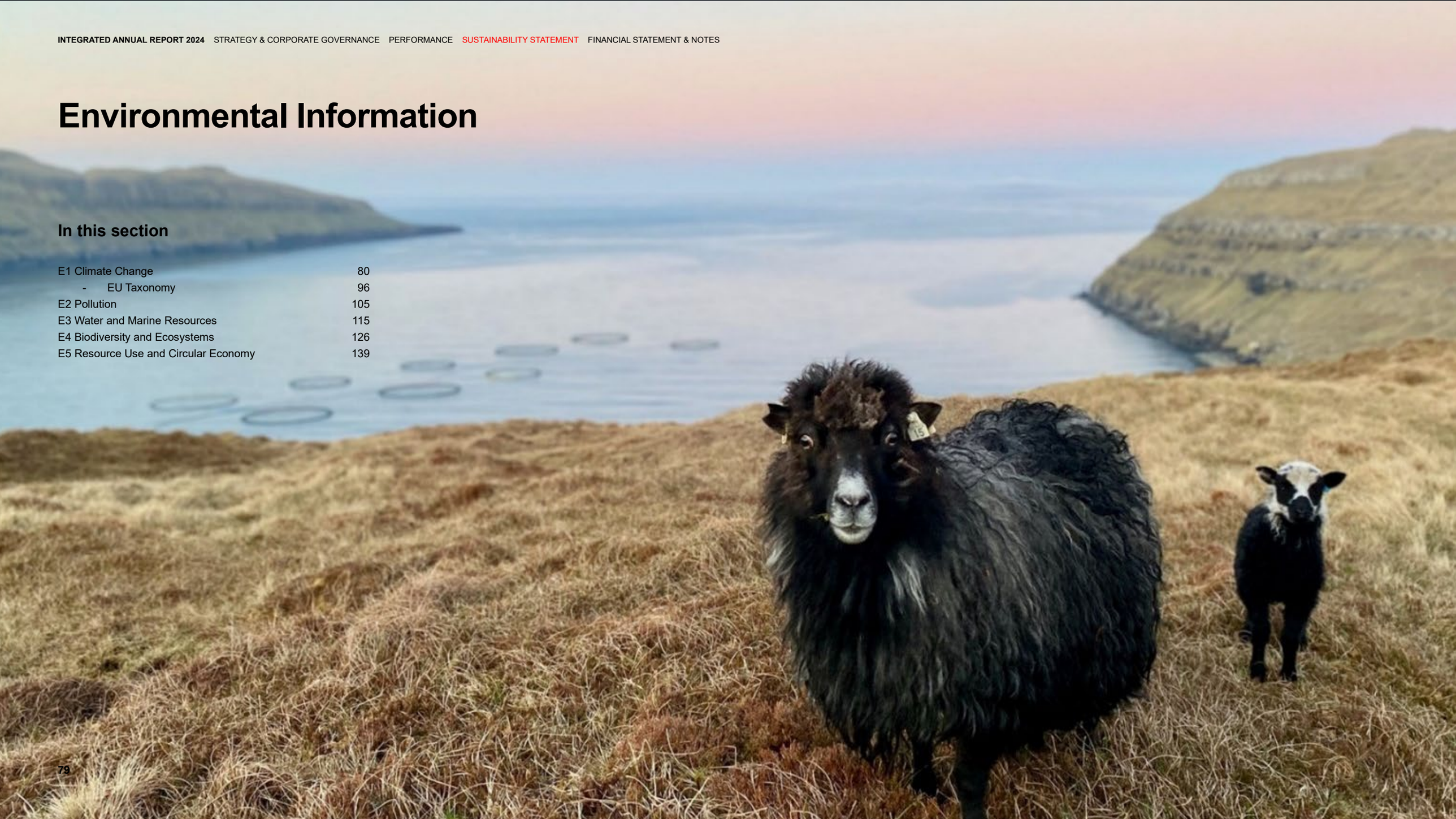

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MATERIAL IMPACTS, RISKS AND OPPORTUNITIES IN RELATION TO CLIMATE CHANGE

CLIMATE CHANGE – MATERIAL IMPACTS, RISKS AND OPPORTUNITIES					Location in value chain			Time horizon		
					Upstream	Own operation	Downstream	Short-term (0-2 years)	Medium-term (3-5 years)	Long-term (+6 years)
ESRS sub-topic (AR 16)	**ESRS sub-sub-topic (AR 16)**	**Impact/Risk/Opportunity (IRO)**	**Type**	**Transition/ Physical risk**						
Climate change mitigation	-	Generation of renewable energy	Actual positive impact			•		In the current reporting period		
Climate change mitigation	-	Producing low-carbon food	Actual positive impact			•		In the current reporting period		
Climate change mitigation	-	GHG emissions from direct operations and value chain	Actual negative impact		•	•	•	In the current reporting period		
Energy	-	Energy-intensive operations	Actual negative impact			•		In the current reporting period		
Climate change mitigation	-	Introduction of carbon taxes	Risk	Transition		•			•	
Climate change mitigation	-	Increase in frequency and severity of storms	Risk	Physical		•				•
Climate change adaptation	-	Diversifying energy sources and reducing reliance on fossil fuels	Opportunity			•			•	

ESRS 2 SBM-3

IMPACTS, RISKS AND OPPORTUNITIES RELATED TO CLIMATE CHANGE

The materiality assessment described in the disclosure requirement ESRS 2 IRO-1 identified the following material climate-related impacts, risks and opportunities.

Bakkafrost is involved in all impacts through its direct activities unless otherwise specified for each impact.

There are currently none of the identified risks or opportunities that pose a significant risk of material adjustment to the carrying amounts of assets and liabilities reported in the financial statements in the next financial year.

- **Generation of renewable energy - Actual positive impact**
  Bakkafrost actively contributes to climate change mitigation through its biogas plant, FÖRKA, located in the Faroe Islands. With an annual processing capacity of 100,000 tonnes, the plant currently handles 50,000 tonnes of waste generated by salmon and dairy farmers in the region. This waste is converted into renewable heat, providing energy for 196 homes, and electricity for 807 homes in Tórshavn (2023). This initiative not only helps reduce Bakkafrost's carbon emissions—previously associated with the transportation and handling of biological waste—but also contributes to the production and availability of renewable energy across the Faroe Islands. The biogas plant is estimated to save approximately 11,000 tonnes of CO_2 emissions annually.

  In addition, the plant produces high-quality liquid fertilizer for the Faroese agricultural industry, enabling local farmers to save between DKK 50-100 million annually by reducing their dependence on energy-intensive, imported artificial fertilizers, typically sourced from Australia and Morocco.

  This positive impact occurs in Bakkafrost's 'Services' segment across all time horizons, including the current reporting period. The impact originates from Bakkafrost's 'Healthy Living' strategy, established as the company's sustainability framework in 2018.

  FÖRKA currently strengthens Bakkafrost's business model by aligning with its sustainability strategy, lowering transportation and waste management costs, and contributing to the circular economy.

  Looking ahead, FÖRKA is expected to play a larger role in integrating renewable energy into Bakkafrost's operations, delivering added value through reduced operational emissions and environmental impact. This could include the production of alternative energy forms, as biogas plants are capable of generating various types of renewable or low-carbon energy.

  As such, FÖRKA is an important part of Bakkafrost's long-term strategy, which prioritises significant decarbonisation of the company's operations. Furthermore, the plant's production of locally sourced fertilizer will continue to benefit Faroese farmers, fostering stronger relationships across the value chain.

  The impact is fully covered by the energy-related ESRS disclosure requirements.

- **Producing low-carbon food – Actual positive impact**
  Bakkafrost has a demonstrable positive impact on global climate change mitigation by producing food with a lower carbon footprint compared to other animal protein sources, such as beef and pork (source: Global Salmon Initiative). Since food systems are responsible for over one-third of global greenhouse gas (GHG) emissions (source: UN Food and Agriculture Organization), Bakkafrost contributes to the transition toward a less carbon-intensive food system. Although this impact benefits the environment positively, the exact reduction in GHG emissions attributable to Bakkafrost's production of farmed salmon has not been quantified. As a result, it is challenging to fully assess the extent of the environmental benefit.

  This impact is directly tied to Bakkafrost's core product and, consequently, relates to the company's entire operations. It occurs across all time horizons, including in the current reporting period.

  The positive impact has significantly influenced Bakkafrost's strategy and decision-making, and thus, it is also regarded as originating from the company's strategy and business model. Farmed salmon is widely promoted as a 'protein of the future', which provides a compelling argument for growth. Bakkafrost has built its strategy upon this argument, viewing it as the company's responsibility to leverage the natural resources in the countries where it operates to help meet the global demand for nutritious and sustainable animal protein. This duty underpins the company's long-term vision, which anticipates a continuous increase in demand driven by population growth and the ongoing transition to more sustainable food systems.

  The impact is partially covered by ESRS requirements. To substantiate this positive impact, a counterfactual comparison is necessary. Therefore, we report entity-specific metrics representing the GHG emission factors for various animal proteins. These emission factors are sourced from widely recognised sources to ensure credibility.

- **Greenhouse gas emissions from direct operations and value chain – Actual negative impact**
  Bakkafrost has an actual negative impact on climate change mitigation due to carbon emissions from its own operations as well as from its upstream and downstream value chain. Greenhouse gas emissions contribute to climate change which consequently will result in rising temperatures, sea level rise, drought, flooding and various other climate-related events.

  In Bakkafrost's own operations, GHG emissions are especially concentrated at our feed production plant Havsbrún in the town of Fuglafjørður, Faroe Islands. Other GHG-intensive operations include operating the boats (FSVs) that transport, transfer and carry out treatment of the salmon, and Bakkafrost's cargo aeroplane.

  The biggest sources of GHG emissions in Bakkafrost's value chain include the embodied emissions in the vast volumes of agricultural and marine commodities that the company sources for feed production as well as downstream transportation of the company's products. These emissions occur worldwide.

  The negative impact already affects the company's business model, value chain, strategy and decision-making and the effect is anticipated to intensify as global and regional regulatory frameworks, stakeholder expectations, and market dynamics increasingly demand decarbonisation and climate resilience.

  The impact has resulted in Bakkafrost making decarbonisation a strategic priority, demonstrated through the allocation of 355 mDKK for energy transition as outlined in Bakkafrost's 2028 investment plan.

  The impact is considered to originate from Bakkafrost's strategy and business model, which is centered on the production and processing of farmed salmon — activities that inherently contribute to GHG emissions. Additionally, the current slow pace of energy transition in society, coupled with the company's focus on scaling its operations and its strategic decision to prioritize mitigating biological risks (which requires increased use of large vessels running on fossil fuels), has resulted in a growth in GHG emissions.

  The impact is fully covered by ESRS disclosure requirements.

- **Energy-intensive operations – Actual negative impact**
  Bakkafrost's growth strategy involves relocating more biomass to land for extended periods and increasing overall production, which necessitates a larger supply of feed. This approach significantly increases energy demand and consumption within the company's direct operations. The heightened demand may strain the capacity of energy grids in the regions where Bakkafrost operates, potentially requiring the expansion of energy production. Furthermore, if demand exceeds supply capabilities, there is a risk of overdemand causing potential breakdowns in the energy grid, which could disrupt both Bakkafrost's operations and the broader regional energy supply.

  The added strain on energy grids could result in higher costs for energy companies as they invest in infrastructure upgrades to maintain sufficient supply. These costs might eventually be passed on to end-users in the region, leading to increased energy expenses.

  To mitigate these challenges, Bakkafrost has adopted a proactive strategy that includes engaging in close dialogue with electricity and infrastructure providers to identify optimal solutions for minimizing capacity strain. Additionally, the company is exploring options to become partially self-

sufficient in renewable energy for its current and future operations.

The impact is concentrated within Bakkafrost's Freshwater segment in the Faroe Islands and in Scotland where expansions are either already underway or planned, and the FOF segment in the Faroe Islands.
The impact already occurs, as Bakkafrost has significantly expanded its Freshwater operations with new and larger freshwater facilities over the last five years or so, and the impact is expected to grow further in intensity in the next few years.
The impact, which Bakkafrost is involved in through its direct activities, is considered to originate from Bakkafrost's strategy, as the increased energy demand is a consequence of the strategic priority to minimise the biological risks that inherently exist with farming in the marine environment by moving more of the production cycle to on-land facilities.

The impact is fully covered by ESRS disclosure requirements.

- **Introduction of carbon taxes – Risk**
  Bakkafrost is exposed to the risk of increased carbon taxes due to its carbon-intensive operations, particularly in the Faroe Islands and Scotland. The feed production facility (FOF segment), freshwater sites (Freshwater segment), and farming service vessels (Service segment) are identified as the primary sources of emissions contributing to this risk, which is classified as a climate-related transition risk.

  Current financial effects:
  In 2023, the Faroese government introduced increased taxation on heavy fuel oil (HFO), raising the tax from 0.10 DKK per litre to 0.80 DKK per litre in 2024. This increase has directly impacted Bakkafrost's financial performance by increasing operating expenses for the feed operations. For instance, our FOF segment purchased 13,483 tonnes of HFO in 2024, resulting in additional expenses of 9.5 million DKK, recorded under 'Operating expenses' for 'Fishmeal, oil, and feed' in Note 2.3 of the Management Statement of this report.

  Further increases to 1.15 DKK per litre are scheduled for 2025, which will continue to affect costs.

  Anticipated financial effects:
  A TCFD-aligned climate scenario analysis conducted by Bakkafrost quantified the financial impact of carbon taxes under three different scenarios. The analysis revealed that carbon taxes represent a material climate-related financial risk, expected to peak between 2030 and 2040 across all scenarios.

  In the short-term (0–2 years) and medium-term (3–5 years), Bakkafrost's financial position is not anticipated to be significantly affected due to manageable tax levels. However, failure to transition to renewable energy sources in the long term (6+ years) could result in substantial expenses, potentially impacting profitability.

  Strategic response and investment plans:
  Bakkafrost has committed to mitigating this risk through an energy transition strategy, reflected in the allocation of 355 mDKK in its 2028 CAPEX plan. Key initiatives include:
  - Renewable Energy Projects: Developing a wind park to supply Havsbrún with renewable energy. Despite encountering significant challenges in 2024, efforts to advance this project are ongoing.
  - Diversified Energy Portfolio: Evaluating additional renewable energy investments to reduce dependency on fossil fuels and carbon tax exposure.

  To implement these initiatives, Bakkafrost plans to utilise a mix of operational cash flows and potentially green financing instruments and partnerships with stakeholders aligned with the company's decarbonisation objectives.

  The risk is fully covered by ESRS disclosure requirements.

- **Increase in frequency and severity of storms – Risk**
  Bakkafrost has identified the increased frequency and severity of storms as a significant climate-related physical risk. This risk particularly affects marine farming sites in the Faroe Islands and Scotland, which are highly exposed to extreme weather events due to their coastal locations. Storms can lead to substantial operational disruptions, infrastructure damage, and fish escapes or mortalities, all of which negatively impact the company's financial performance.
  Current Financial Effects:
  In 2024, Bakkafrost's salmon stock was not directly affected by extreme weather events. However, a storm in late November 2024 caused damage to technological equipment at marine farming sites in the Faroe Islands, resulting in additional repair and replacement expenses. These costs are included in the line item 'Operating expenses' for 'Farming Faroe Islands' under Note 2.3 of the Management Statement in this report.

  Anticipated Financial Effects:
  Bakkafrost's climate scenario analysis indicates that expenses associated with extreme weather events are expected to increase steadily over time as global temperatures rise. The extent of these increases depends on various factors, including the temperature trajectory under different scenarios. The "hot house" scenario, characterized by unmitigated global temperature rises, poses the greatest financial risk.

  Other factors, such as advancements in farming equipment designed to withstand extreme weather, will influence the scale of future expenses. Nevertheless, it is anticipated that capital expenditures will be necessary to enhance site resilience and reduce operational disruptions.

  Additional costs may include rising insurance premiums for salmon stock as risk exposure grows.

  Strategic Response and Investment Plans:
  To address the risks associated with increased storm frequency, Bakkafrost is integrating climate resilience into its strategy and overall risk management processes. The company continuously evaluates the locations of its marine sites, relocating some farming areas in the Faroe Islands that are particularly exposed to harsh weather conditions. In recent years, Bakkafrost has also invested in strengthening farming equipment to better withstand extreme weather.

  At present, no significant capital expenditures have been formally committed to addressing this risk. However, Bakkafrost remains vigilant and will allocate resources as needed to reinforce site resilience. Operational cash flow is expected to fund any future investments related to mitigating this risk.

  This risk is partially covered by ESRS disclosure requirements. In 2024, Bakkafrost will report entity-specific metrics reflecting expenses incurred for both damage remediation caused by storms and preventive actions to mitigate future risks.

- **Diversifying energy sources and reducing reliance on fossil fuels – Opportunity**
  Bakkafrost has identified the diversification of energy sources and the reduction of reliance on fossil fuels as a significant climate-related opportunity. Transitioning to renewable energy aligns with global decarbonisation trends and offers potential benefits, including cost savings, enhanced energy security, and increased resilience to future regulatory changes, such as carbon taxes.

  The opportunity occurs across Bakkafrost's operations and is expected to be realised to some degree within the medium-term time horizon.

  Current Financial Effects:
  In 2024, Bakkafrost allocated resources, including skilled workforce, to renewable energy projects such as the preliminary development of a wind park to supply renewable energy to its feed production facility, Havsbrún. Despite challenges encountered during the year, efforts to advance the project remain ongoing.

  Additionally, Bakkafrost has been sourcing hydropower for its freshwater facility in Applecross, Scotland, for several years. Work is currently underway to secure a second hydropower supply for the site. Furthermore, Bakkafrost has entered into a power purchase agreement (PPA) in Scotland to source renewable energy for its operations there.

  Expenses related to these initiatives are reflected under "Operating expenses" for "Freshwater Scotland" in Note 2.3 of the Management Statement in this report.

  Anticipated Financial Effects:
  Bakkafrost's climate scenario analysis did not specifically evaluate the opportunity of diversifying energy sources and reducing reliance on fossil fuels. However, it did assess the potential benefits of self-generating renewable energy, which is closely aligned with this identified opportunity. The analysis suggests that savings related to renewable energy adoption are expected to increase steadily over time, as rising global temperatures and escalating carbon taxes drive up the cost of energy derived from fossil fuels.

  Strategic Response and Investment Plans:
  Bakkafrost has prioritised energy diversification in its strategic planning and allocated 355 mDKK within its 2028 CAPEX plan for energy transition initiatives. These efforts are a core component of the company's long-term strategy to reduce carbon dependency.

  To fund these initiatives, Bakkafrost plans to leverage a combination of operational cash flows, potential green financing instruments, and partnerships with stakeholders aligned with its decarbonisation goals.

  The opportunity is considered covered by ESRS disclosure requirements. Metrics are reflected in the reporting of 'Capex allocated for implementing climate-related action plans' under E1-3.

Resilience of Bakkafrost's strategy and business model in relation to climate change

The effects of climate change are becoming increasingly visible, and to assess and manage the company's exposure to climate-related risks and to seize climate-related opportunities, Bakkafrost completed a climate scenario analysis in 2022. The analysis covered Bakkafrost's direct operations (all Bakkafrost units and the subsidiaries over which Bakkafrost has a controlling influence either by shareholding or by agreement) and its upstream and downstream value chain. No organisational units or climate-related aspects were excluded.

The analysis considered multiple scenarios, including a 1.5°C-aligned transition scenario and a business-as-usual scenario with temperature increases exceeding 4°C by 2100.

In the analysis, the following scenarios were applied:

Scenario	Description	Reference data
Early transition	Gradual and deliberate shift towards a low carbon economy with the outcome of successfully limiting global average temperature within 2°C by 2100.	SSP1 (UNFCCC) RCP1.9 (IPCC)
Late transition	Sudden shift towards a low carbon economy with governments making dramatic policy interventions to make up for a late start. Global average temperature increase to be kept within 2°C by 2100 with possible overshoot.	SSP1-2 (UNFCCC) RCP2.6 (IPCC)
Hot house	Continuation of current projection of carbon emissions without any significant abatement or mitigation. Likely to result in temperature increases in excess of 4°C by 2100.	SSP2-5 (UNFCCC) RCP 8.5 (IPCC)

We have applied an approach of including as wide a spectrum of scenarios as possible to ensure that we capture the most extreme potential climate-related impacts on Bakkafrost.

Low-carbon economy assumptions applied
The analysis includes critical macro-economic, energy-related and technology-related assumptions.
The analysis assumes that a transition to a lower-carbon economy will lead to increased regulatory costs (e.g. carbon taxes and reduced support from national governments) and changing consumer preferences where consumers transition towards lower carbon diet and value full traceability of their food sources, choosing options that are more responsibly sourced.
Regarding energy consumption, energy mix and technology deployment, our analysis assumes that the electricity grids in the Faroe Islands and Scotland continue to decarbonise and there is an orderly transition to low-carbon infrastructure. Standing charges for fuels are increased to fund infrastructure upgrades.

Time horizons
Bakkafrost's climate scenario analysis incorporates two time horizons:

2050: Represents the medium-term horizon, aligned with global and regional climate goals (e.g., the Paris Agreement) and transition pathways toward net-zero emissions. This time horizon was primarily applied to capture transition risks.

2070: Reflects the long-term horizon, focusing on the cumulative effects of physical climate risks, such as ocean acidification and changes to marine ecosystems, under high-emission scenarios. This time horizon was primarily applied to capture physical risks.

Bakkafrost did not apply climate-related and business scenarios when setting GHG emissions reduction targets, and thus, the time horizons above have not been aligned with these targets.

Methodology for considering financial effects
The anticipated financial effects of climate-related risks, as well as mitigation actions and resources, were evaluated using a combination of factors. These include projected output growth based on Bakkafrost's investment and growth strategy, company-specific data such as historical figures from previous incidents, and publicly available datasets like the NGFS series (e.g., population changes, GDP trends, carbon prices, and agricultural commodity costs). Where applicable, the analysis also considers potential inflationary pressures.

Results of resilience analysis
The analysis identifies the late transition scenario as presenting the most significant financial concerns for Bakkafrost. A key area of concern is procurement for feed operations, where the anticipated introduction of stringent regulations on agricultural commodities and the reduced availability of wild-caught marine proteins pose substantial financial risks. Additionally, a significant portion of this scenario's risk exposure stems from carbon taxes, with the peak financial impact expected to occur before 2050.

In contrast, the early transition scenario is associated with less severe potential financial impacts, with approximately 50% of the financial risk exposure linked to sourcing regulated agricultural commodities for feed operations.

Climate scenario analysis is inherently subject to uncertainties, particularly regarding how meteorological and oceanic interactions will evolve. While the exact financial figures calculated in the analysis are uncertain, the findings clearly indicate that Bakkafrost is financially exposed to rising carbon taxes and potential regulatory changes in the supply chain.

Bakkafrost has already begun addressing some of these risks through its strategic and investment decisions. Resources have been allocated to decarbonization efforts, as well as to research and development aimed at identifying new or alternative feed ingredients and increasing flexibility in feed composition.

Ability of the company to adjust to climate change
Overall, across the three scenarios, the introduction and potential increase of carbon pricing rates represent a significant climate-related financial risk going forward. Bakkafrost is in a moderate position to be able to adjust or adapt its strategy and business model to mitigate the exposure to this risk.
Bakkafrost has good access to finance at an affordable cost of capital, last demonstrated in March 2022, when Bakkafrost signed a facility agreement for a sustainability-linked EUR 700 million multicurrency revolving credit facility with a tenor of five years with a possibility of prolonging it two times with one year each. The Group has used both extension options and extended the Facility until February 2029.

As carbon pricing represents the greatest climate-related risk exposure for Bakkafrost, the company's primary objective to mitigate this risk is to decouple business growth from greenhouse gas emissions.
Bakkafrost is in a moderate position in terms of its ability to redeploy, upgrade, or decommission existing assets.
Bakkafrost operates a significant number of large, often energy-intensive assets, such as vessels and factories. This creates exceptionally high requirements for the availability of renewable energy. The scale and energy demands of these assets present significant challenges for transitioning to more climate-friendly energy solutions, as existing renewable energy technologies often lack the capacity or efficiency needed to meet these requirements without compromising operational feasibility. The technology is available, but the challenge is to secure the availability of the required amounts of energy.
Regulation restrictions, such as restrictions on generating renewable energy, also pose challenges in implementing an energy transition.

Bakkafrost specialises in raising Atlantic salmon, a highly capital-intensive industry requiring significant investment in essential assets. This deep commitment to the sector limits the company's flexibility to diversify its product and service portfolio. However, aquaculture - including farmed salmon - has been recognized by organisations such as the UN as a sustainable solution to meet the growing global protein demand while operating within planetary boundaries. As a result, Bakkafrost does not anticipate a decline in demand for its products or the need to shift its portfolio due to climate change effects. Consequently, there is no immediate need to reskill the workforce.

E1-2

Our approach

Bakkafrost's Climate Policy ensures a streamlined approach within Bakkafrost to managing climate-related impacts, risks, and opportunities through mitigation measures, adaptation measures, and energy efficiency.
The policy applies to all units over which Bakkafrost has a direct controlling influence, either through shareholding or agreement.
The Board of Directors holds overall responsibility for policy oversight, ensuring compliance with corporate governance principles and sustainability objectives.
The Chief Executive Officer (CEO) is responsible for implementing this policy, overseeing its execution, and reporting to the Board on actual development related to this policy. The CEO also ensures that procurement and resource management practices align with Bakkafrost's sustainability commitments.
To support the implementation of the policy, it is available to all Bakkafrost employees via the internal handbook as well as it is available on the company's website.

Fundamental to the policy are Bakkafrost's SBTi-validated near-term climate targets, which are consistent with the reductions required to keep global warming to 1.5 degrees Celsius, which is in line with the Paris Agreement. These targets guide the company's strategic direction.

Bakkafrost's Climate Policy addresses the company's approach to working with climate change mitigation, adaptation, energy efficiency and renewable energy deployment.

Climate change mitigation

Bakkafrost uses transition planning as the tool of choice to address past, present and future efforts. The objective of our climate mitigation efforts is to ensure that Bakkafrost's strategy and business model are compatible with a sustainable economy where global warming is limited to 1.5C in line with the Paris Agreement and with the objective of achieving climate neutrality in 2050.

Approach
To ensure that Bakkafrost fulfils its commitments, we employ a multifaceted strategy that addresses material impacts within the value chain as well as directs operations.

Fish feed
- Low-carbon feed:
  Feed production is one of Bakkafrost's key climate impacts. The company is dedicated to ongoing research and development (R&D) into feed composition to minimise its climate impact. One of the approaches being pursued is the use of locally caught marine raw material with low food value in the feed, as it is considered a low-carbon solution. Bakkafrost is committed to continuous R&D into the feed composition, with the objective of constantly optimising feed to ensure a feed with as low a carbon footprint as possible. This also includes a commitment to the responsible sourcing of other commodities for feed production, including agricultural commodities. Bakkafrost's commitment to sustainability extends beyond ingredient selection. The company continually explores alternative energy sources to further mitigate its carbon footprint when producing fishmeal, fish oil, and feed.

Energy efficiency
- Electrification:
  Bakkafrost is committed to electrifying its facilities as much as possible through investment, supplier engagement and collaboration.

- Efficiency:
  Bakkafrost is dedicated to maximising energy efficiency. For several years, Bakkafrost has actively worked on reducing energy demand by adjusting procedures in our operations, such as sailing speeds and utilizing excess heat. Bakkafrost will continue engaging with suppliers to discuss topics on improved primary data, CO2e emission factors and GHG reductions. Bakkafrost maintains constant oversight of energy consumption and reports annual energy consumption and energy mix in the Integrated Annual Report.

- Renewable energy:
  Bakkafrost is dedicated to utilising 100% renewable energy in the Faroe Islands and Scotland. Embracing innovative developments to reduce carbon footprints is crucial for promoting sustainable development in our local communities. Bakkafrost is progressively transitioning to renewable energy through self-generation and energy supplier agreements. Additionally, a growing portion of the electricity sourced from national grids is now based on renewable sources.
  Resource use and the implementation of circular economy solutions are also considered material.
  Bakkafrost is committed to identifying and implementing circular economy solutions and using resources to generate renewable energy where deemed the most sustainable solution. We are committed to accessing business cases of pilot projects and investigating the full potential of our current operations.

Transportation
- Transportation accounts for a significant share of Bakkafrost's climate impact, both in the company's direct Scope 1 GHG emissions as well as in indirect Scope 3 GHG emissions. Bakkafrost will continue to explore new opportunities for eco-friendly transportation modes. This is achieved by exploring new electrical solutions and environmentally friendly fuels for all our types of transportation, as technology and market conditions permit. We are committed to working closely with our logistics providers to further promote the shift to low-carbon transportation methods.

Climate change adaptation

Bakkafrost has identified and assessed physical and transition risks through a TCFD-aligned climate scenario analysis.
We developed our climate change adaptation strategy based on the risks which were identified as risks that could have a substantive financial impact on the business. The alternative/adaptive actions aim to mitigate the exposure to these climate-related risks.

Current strategic adaptation measures include:

Response to physical risks:
- Strengthening of farming equipment
- Implementing actions to mitigate the impact of rising ocean temperatures, including extending the rearing period on land, enhancing the salmon's robustness and resilience to biological challenges associated with warmer waters
- Maintaining high inclusion of marine raw materials in feed

Response to transition risks:
- Trials of alternative feed ingredients as part of the effort to minimise the risk of financial impact through increased prices on agri-commodities
- Forecasting potential fluctuations in energy prices
- Decarbonisation to avoid substantial financial effects of carbon pricing

GOVERNANCE

ESRS 2 GOV-3

Integration of sustainability-related performance in incentive schemes

Bakkafrost is continuously exploring options to help it execute its policies and reach its goals. Financial incentives have proven effective as a driver of action, and the company acknowledges the effects of factoring in climate-related performance into the remuneration policies for the board and management. Bakkafrost is currently investigating options for integrating climate-related KPIs into the policy for the remuneration of the board members.

STRATEGY

E1-1

Transition plan for climate change mitigation

Bakkafrost has set SBTi-validated near-term climate targets, which are consistent with the reductions required to keep global warming to 1.5 degrees, which is in line with the Paris Agreement.

Bakkafrost has committed to reducing absolute Scope 1 and 2 GHG emissions by 50% by 2030 from a 2020 base year. The target covers 100% of emissions from sites over which Bakkafrost has operational control.

The company is currently working on creating a formal transition plan, including identifying decarbonisation levers. We expect to adopt a transition plan in 2025.

IMPACTS, RISKS AND OPPORTUNITIES

E1-3

Actions

While a formal carbon reduction roadmap is under development, Bakkafrost has commenced decarbonising its operations to fulfil its climate commitments.

Implementing carbon reduction initiatives requires significant capital expenditures (CAPEX), so Bakkafrost has allocated 350 million DKK in its 2024-2028 investment programme.

In March 2022, Bakkafrost entered a new sustainability-linked EUR 700 million credit facility. This loan serves as a robust and flexible financial framework for the company's investment plans aimed at significant sustainable growth. Importantly, the margin payable is linked to Bakkafrost's performance against the following sustainability KPIs, which are consistent with our overall sustainability targets and ambitions:

- Own generation of renewable electricity
- Feed conversion ratio
- Mortality rate

In 2024, the following key carbon reduction actions were taken and/or were in the process of implementation to support the achievement of the objectives set out in Bakkafrost's Climate Policy:

- **Construction of 350 GWh of renewable energy per annum wind farm in the Faroe Islands - Decarbonisation lever: Electrification**

  To manage the identified negative impact of GHG emissions from Bakkafrost's direct operations, the company has partnered up with Faroese energy provider EFFO to launch an advanced project aimed at significantly boosting renewable energy production. The project involves establishing the largest wind farm in the Faroe Islands, capable of generating power equivalent to 10% of the collective oil consumption across the islands - both on land and at sea.

  Initially, the project will supply renewable energy to Bakkafrost's FOF segment in Fuglafjørður, covering the facility's energy demand, which is currently met through fuel oil consumption.

  The project is expected to be completed in 2027, pending necessary approvals. If all necessary authorisations are given, the wind farm will significantly reduce Bakkafrost's greenhouse gas emissions.

  The energy generated by a wind farm can be utilised in various ways, and the carbon savings achieved from this project largely depend on the efficiency of capturing and utilising the wind energy produced. As a result, predicting the exact impact is challenging. However, estimates suggest potential savings of at least 40,000 tCO_2 per year.

  Thus, this initiative is considered vital for Bakkafrost to achieve its SBTi-validated goals.

  Since the project is still in development, there are no CapEx or OpEx to report currently.

- **Inclusion of alternative feed ingredients – Decarbonisation lever: Supply chain decarbonisation**

  In 2024, our FOF segment in the Faroe Islands trialled alternative feed ingredients, including insect meal, which has a lower carbon footprint than traditional agricultural ingredients. As the project is still in the early phases it is challenging to determine an expected carbon reduction. The reduction depends on how much of the traditional commodities the alternative ingredients can substitute. As very low volumes have been purchased so far, the initiative has not yet required significant OpEx or CapEx. The project continues indefinitely.

  The action relates to the emissions generated in the upstream value chain of our FOF segment.

- **Renewables at Applecross hatchery – Decarbonisation lever: Fuel-switching**

  In connection with the construction of the newly developed Applecross hatchery in Scotland, the facility is supplied with renewable energy from a hydro scheme and will also be supplemented with photovoltaic renewable energy, with PV cells on a number of the buildings on site. There is also ongoing work to supply the site with a second hydro supply, which is expected to be implemented within the next two years.

  This action pertains to Applecross, our largest hatchery in Scotland. Hatcheries are energy-demanding, so it is considered a high priority that the energy consumed at the site is derived from renewables.

  In 2024, 2,253 MWh was supplied through the hydro supply. We expect the PV cells to supply 1,234 MWh per annum, and the second hydro supply is expected to supply 13,521 MWh per annum.

  The expected outcome is a reduction of approximately 4,000 tCO2e, and thus, this contributes to achieving the policy objective of decarbonising direct operations.

  Implementing this initiative has required substantial capital (CapEx) and operational (OpEx) expenditures, which have been funded through the company's regular operational financial resources.

  The total CapEx required to implement this action has amounted to a cost of 34 million DKK, and the annual OpEx amounted to around 1.5 million DKK.

- **Electricity-sourcing through 'Renewable Energy Guarantees of Origin' (REGOs) and 'Power Purchase Agreement' (PPA) – Decarbonisation lever: Use of renewable energy**

  In 2024, the company continued to source electricity for all Scottish sites through market-based energy contracts underpinned by Renewable Energy Guarantees of Origin (REGO). Applecross hatchery also sourced renewable electricity through a Power Purchase Agreement (PPA). These initiatives ensured that all contracted electricity used came from renewable sources, saving 1,359 tCO2e in 2024.

  This initiative, which pertains to the segments Freshwater SCT, Farming SCT, and the Service segment, contributes to the policy ambition of decarbonising Bakkafrost's operations.

  We expect to continue sourcing electricity through REGO-backed schemes and PPAs in the coming years.

  Implementing this initiative has required significant OpEx, which cannot be disclosed due to contractual restrictions.

  The OpEx in the reporting year is included in the total 'Operating expenses' related to 'Freshwater Scotland', 'Farming Scotland', and 'Services' provided in Note 2.3 of the Management Statement in this report.

- **Sourcing SAF – Decarbonisation lever: Use of renewable fuel**

  In 2024, Bakkafrost's freight company, FarCargo, commenced operations, and the company decided to source Sustainable Aviation Fuel (SAF) for the cargo aeroplane Eysturoy. SAF accounted for 0.03% of the entire fuel consumption for Eysturoy in 2024 and saved approximately 21 tCO2e in 2024. This contributes to Bakkafrost's policy objective to decarbonise the value chain.

Implementing this initiative, which pertains to Bakkafrost's Services-segment, depends on the availability of SAF, which can currently only be accessed at Billund Airport. As the aeroplane has only been to Billund Airport occasionally, the share of SAF is not as high as it could have been.
This initiative does not require significant operational or capital expenditures, so no expenses are disclosed.

- **Carbon capture project – Decarbonisation lever: Carbon capture and storage (CCS)**
  Bakkafrost is a participating member of a new carbon capture project in the Faroe Islands which commenced in late 2024. The DecarbFaroe project is a pilot initiative in the Faroe Islands focused on carbon capture and storage (CCS) technology. It aims to test the feasibility of storing carbon in basalt rock, a process where the carbon, combined with water, transforms into stable mineral form (tinna) within a few years – significantly faster and more safe than using sandstone or depleted oil and gas reservoirs. This approach minimises the risk of leaks.

  The project is a collaboration between local environmental authorities, including Jarðfeingi, the national energy provider in the Faroe Islands SEV, and Bakkafrost along with international partners from Europe, India, and the USA. It plans to apply for funding from the EU's Clean Energy Transition Partnership (CETP) in the spring of 2025 to advance its development. The initiative builds on partnerships with global players like Equinor (Norway) and 44.01 (UK). If successful, DecarbFaroe will play a pivotal role in reducing carbon emissions in the region.

  Among the companies and organisations in the Faroe Islands that can benefit from the project is Bakkafrost's biogas plant, Förka, which is part of the pilot stage of the project, and it is expected that the project can contribute to removing Förka's current emissions from diesel which typically amounts to between 150 and 200 tCO2, which contributes to the climate mitigation ambition as set out in Bakkafrost's Climate Policy.

  The initiative relates to Bakkafrost's Service segment, in which Förka is placed, but the project also reaches beyond this, potentially affecting Bakkafrost's upstream and downstream suppliers in the Faroe Islands, who might benefit from the project in the future.

  The project currently has no end date and is expected to last several years. However, if all goes according to plan, tangible results may be seen as early as 2025.

  The project involves establishing new assets at the Förka biogas plant, which will entail substantial capital expenditures that we are currently unable to disclose. A financing plan for the project has not yet been determined, and since it is still in the start-up phase, there are no line items related to it in the financial statements.

METRICS AND TARGETS

E1-4

Targets and Performance

In its climate policy, Bakkafrost outlines its commitment to managing the climate-related impacts identified in the double materiality assessment, as well as the risks and opportunities identified in the climate scenario analysis. To ensure effective and result-oriented management of these impacts, risks, and opportunities, and to support the implementation of the Climate Policy, Bakkafrost has established the following near-term climate-related targets, which cover emissions from the company's own operations as well as its supply-chain emissions. These emission reduction targets have been verified by the Science Based Targets initiative as being in line with limiting global warming to 1.5°C.:

- **Bakkafrost has committed to reducing absolute Scope 1 and 2 GHG emissions by 50% by 2030 from a 2020 base year (2020: 119,061 tCO2e). The target is measured in tCO2e.**

  The target covers 100% of emissions from sites over which Bakkafrost has operational control.

- **Bakkafrost has also committed to reducing Scope 3 GHG emissions by 52% per tonne of product sold by 2030 from a 2020 base year (2020: 2.67 tCO2e/tonne of product) from purchased goods and services, fuel and energy-related activities, upstream transportation and distribution, waste generated in operations, business travel, employee commuting, downstream transportation and distribution and end-of-life treatment of sold products.**

  The target is relative and measured in tCO2e/tonne of product sold. The target covers 85.9% of the scope 3 emissions in the baseline year from sites over which Bakkafrost has operational control.

  The GHG reduction targets have been externally assured in conjunction with the submission process to be approved by the Science Based Targets (SBTi).
  The targets have been derived using cross-sectoral decarbonisation pathways.

Stakeholders have not been consulted in establishing the targets. Bakkafrost has voluntarily decided to set targets aligning with the goal of limiting global warming to 1.5°C.

When setting the targets, Bakkafrost has included the assumptions of significant future growth. Nevertheless, the scope 1 and 2 targets have been maintained in absolute value, and thus, the SBTi considers the targets as 'ambitious', and the same applies to the scope 3 target. This is because increased activity levels usually lead to higher greenhouse gas (GHG) emissions.

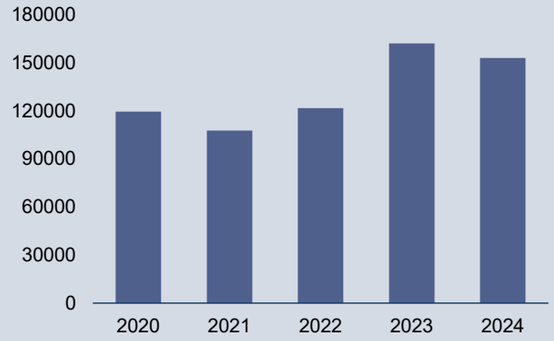
Bakkafrost tracks its progress in reducing greenhouse gas (GHG) emissions by continuously collecting data for scope 1 and 2 emissions. This data is accessible in real-time through an internal business intelligence dashboard. Progress is regularly reviewed by our Sustainability Committee, led by the CEO, and also during Board meetings.

While we have made significant strides in collecting scope 1 and 2 emission data, we still use a combination of supplier-specific emission factors and factors from databases for our scope 3 GHG calculations. However, there has been progress in collecting scope 3 data as the calculations are based on activities rather than expenditures, resulting in a more accurate estimate. The scope 3 emissions calculations are performed annually.

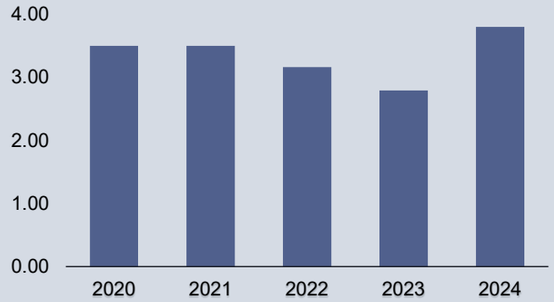
Four years into the target period, the company still has a long way to go to achieve its GHG emission reduction targets. Due to increased activity at the salmon feed production facility as well as increased operational activity (primarily the addition of a large vessel as well as an aeroplane), the scope 1 carbon footprint has increased quite significantly compared to the baseline year. However, there are tangible plans in place to reduce the carbon footprint of our feed production facility and other key drivers of GHG emissions. The success of these carbon reduction initiatives largely depends on authorities granting Bakkafrost permission to generate its own renewable energy.

Scope 3 emissions increased substantially in 2024, primarily due to a significant increase in salmon sales to China compared to 2023. The transportation of this salmon by air contributes to a high greenhouse gas (GHG) emission intensity.

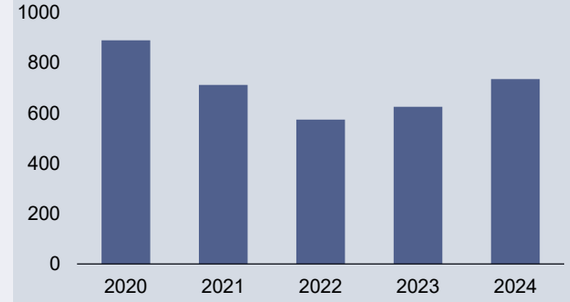
Total emissions from energy - Scope 1 & 2



tCO2e emitted per tonne of product sold – Scope 3



GHG emissons per net revenue (tCO2e/mEUR)



In addition to the near-term, SBTi-validated targets, and to support the achievement of the objectives set out in the Climate Policy, Bakkafrost has committed to:

- **Sourcing 100% renewable energy for direct operations by 2050 (from a 2024 base year and a base value of 0.53%)**
  The target is absolute, expressed as a percentage, and covers Bakkafrost's entire direct operations. It is considered aligned with the scientifically-based targets outlined in the Paris Agreement, meaning it is based on conclusive scientific evidence.

  Stakeholders have not been involved in setting this target. Monitoring is conducted through the annual GHG emissions account, which includes data collection and analysis related to the share of renewable energy.

  In the Faroe Islands, companies are currently restricted from independently producing renewable electricity and feeding it into the grid for subsequent use at their facilities. Additionally, Power Purchase Agreements (PPAs) are not currently an option in the Faroe Islands. As a result, Bakkafrost is currently relying on the national grid to increase its share of renewables and achieve this target. Even if Bakkafrost electrifies its operations locally, the renewable electricity rate
  will remain unchanged under the existing regulatory and infrastructural conditions.
  In 2024, the average share of renewable electricity provided through the Faroese grid was 57%.

  In addition, Bakkafrost operates a significant number of large, often energy-intensive assets, such as vessels and factories. This creates exceptionally high requirements for the availability of renewable energy. The scale and energy use of these assets presents significant challenges for transitioning to more climate-friendly energy solutions, as existing renewable energy technologies often lack the capacity or efficiency needed to meet these requirements without compromising operational feasibility.

  As mentioned, we purchase renewable electricity in Scotland through a combination of Renewable Energy Guarantees of Origin (REGOs) and Power Purchase Agreements (PPAs), which support our efforts to achieve 100% renewable energy. However, we remain dependent on fossil fuels for assets such as vessels.

  As a result, the share of renewables in 2024 was 0.53%.

E1-7

GHG removals and GHG mitigation projects financed through carbon credits

Bakkafrost has not implemented any GHG removals and neither any GHG mitigation projects financed through carbon credits.

E1-8

Internal carbon pricing

Bakkafrost has not applied carbon pricing.

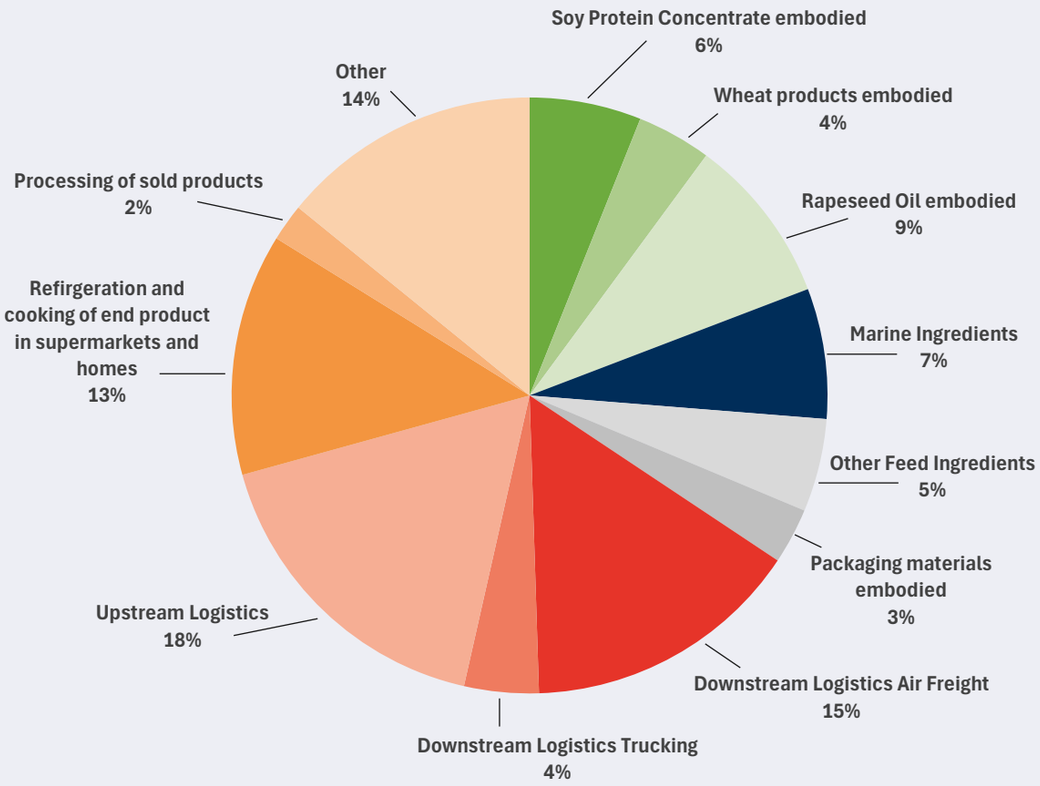
E1-9

Climate-related physical and transition risks and opportunities

Bakkafrost has conducted a TCFD-aligned scenario analysis to identify and assess climate-related risks and opportunities. However, Bakkafrost has not yet identified the specific assets at climate-related physical and transition risk, as required in E1-9. Therefore, Bakkafrost has chosen to use the phase-in allowance to omit the financial effects.

For more information about financial effects and opportunities, please refer to Bakkafrost's TCFD report, which is available on Bakkafrost's webpage

Scope 3 Breakdown by Source



E1-5

Energy consumption and mix

1 January 2024 – 31 December 2024

	Unit	Target	2024	2023 (comparative)	2020 (base year)
Energy consumption and mix	**MWh**				
(1) Fuel consumption from coal and coal products	MWh		0	0	0
(2) Fuel consumption from crude oil and petroleum products	MWh		472,929	488,538	336,733
(3) Fuel consumption from natural gas	MWh		415	398	337
(4) Fuel consumption from other fossil sources	MWh		0	0	0
(5) Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources	MWh		103,985	98,124	74,706
(6) Total fossil energy consumption (calculated as the sum of lines 1 to 5)	**MWh**		577,329	587,059	**411,776**
Share of fossil sources in total energy consumption	**%**	**0**	**99.47**	**99.24**	**99.25**
(8) Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.)	**MWh**		**204**	**410**	**188**
(9) Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	**MWh**		**2,863**	**4,060**	**2,914**
(10) The consumption of self-generated non-fuel renewable energy	**MWh**		**0**	**0**	**0**
(11) Total renewable energy consumption (calculated as the sum of lines 8 to 10)	**MWh**		**3,067**	**4,470**	**3,102**
Share of renewable sources in total energy consumption	**%**	**100**	**0.53**	**0.76**	**0.75**
Total energy consumption (calculated as the sum of lines 6, 7 and 11)	**MWh**		**580,396**	**591,529**	**414,878**
Total energy consumption per net revenue	**MWh/mDKK**		**79**	**83**	**89**

E1-6

Gross Scope 1 & 2 GHG emissions

1 January 2024 – 31 December 2024

		Retrospective				Milestones and target years	
		2024	2023 (comparative)	2020 (base year)	% 2024/2020	2030	Reporting year (2024) vs. base year (2020)
Scope 1 GHG emissions	**Unit**						
Gross Scope 1 GHG emissions	tCO2eq	123,839	129,127	89,104	-4%	-50%	39%
Percentage of Scope 1 GHG emissions from regulated emission trading schemes	%	8.29%	0	0	n/a	-	-
Scope 2 GHG emissions							
Gross location-based Scope 2 GHG emissions	tCO2eq	29,328	32,998	30,467	-11%	-50%	-4%
Gross market-based Scope 2 GHG emissions	tCO2eq	29,165	32,742	29,367	-11%	-50%	-0.1%

E1-6

Gross Scope 3 and Total GHG emissions

1 January 2024 – 31 December 2024

		Retrospective				Milestones and target years	
	Unit	2024	2023 (comparative)	2020 (base year)	% 2024/2023	2030	Reporting year (2024) vs. base year (2020)
Significant scope 3 GHG emissions							
Total Gross indirect (Scope 3) GHG emissions	**tCO2eq**	**552,247**	**506,191**	**509,613**	**9%**	**-52% per kg sold product**	**-0.25%**
1. Purchased goods and services	tCO2eq	197,374	228,973	227,622	-14%		
2. Capital goods	tCO2eq	30,741	35,387	39,691	-13%		
3. Fuel and energy-related Activities (not included in Scope1 or Scope 2)	tCO2eq	37,469	39,698	25,735	-6%		
4. Upstream transportation and distribution	tCO2eq	92,109	69,621	36,383	32%		
5. Waste generated in operations	tCO2eq	1,349	3,245	2,149	-58%		
6. Business travel	tCO2eq	900	842	308	7%		
7. Employee commuting	tCO2eq	1,943	2,101	1,292	-8%		
8. Upstream leased assets	tCO2eq	0	0	0	-		
9. Downstream transportation and distribution	tCO2eq	110,117	58,215	99,782	89%		
10. Processing of sold product	tCO2eq	12,952	18,719	19,481	-31%		
11. Use of sold products	tCO2eq	62,695	45,630	53,174	37%		
12. End-of-life treatment of sold products	tCO2eq	4,486	3,655	3,996	23%		
13. Downstream leased assets	tCO2eq	114	105	-	9%		
14. Franchises	tCO2eq	n/a	n/a	n/a	-		
15. Investments	tCO2eq	n/a	n/a	n/a	-		
Total GHG emissions							
Total GHG emissions (location-based) (tCO2eq)	**tCO2eq**	**705,413**	**668,316**	**629,185**	**5.6%**		

ENTITY-SPECIFIC

Comparison of climate footprint of different sources of animal protein

Product	Functional unit*	Mean GHG emissions (kg CO_2eq/Functional Unit, IPCC 2013 incl. CC feedbacks)
Bovine Meat (beef herd)	1 kg of fat and bone-free meat and edible offal	99.5
Bovine Meat (dairy herd)	1 kg of fat and bone-free meat and edible offal	33.3
Lamb & Mutton	1 kg of fat and bone-free meat and edible offal	39.7
Pig Meat	1 kg of fat and bone-free meat and edible offal	12.3
Poultry Meat	1 kg of fat and bone-free meat and edible offal	9.9
Fish (farmed)*	1 kg of edible fish	13.6
Crustaceans (farmed)	1 kg of head-free meat (shell-free for large shrimp)	26.9

* Includes various fish species and may be slightly higher than expected for a salmon reference product, as the data does not allow for a distinction specific to salmon.

EU Taxonomy

Purpose
The EU Taxonomy Regulation provides a robust classification framework to determine which economic activities are environmentally sustainable. It aims to drive investments toward activities that help achieve the EU's long-term climate and environmental goals for 2050 and support the European Green Deal. In 2024, reporting obligations have been enhanced so that large companies, including those in sectors like aquaculture, must disclose detailed alignment with all six environmental objectives, covering

- Climate change mitigation
- Climate change adaptation
- Sustainable use and protection of water and marine resources
- Transition to a circular economy,
- Pollution prevention and control
- Protection and restoration of biodiversity and ecosystems

Scope
Bakkafrost, a listed company employing more than 500 people, is subject to the EU Taxonomy Regulation. The updated mandatory reporting requirements under the Disclosures Delegated Act apply to its financial year ending on or after 31 December 2024. This report, covering 1 January 2024 to 31 December 2024, details how Bakkafrost's integrated operations across the value chain are assessed and aligned against the taxonomy's technical screening criteria.

By embedding these rigorous assessments within its operational strategy, Bakkafrost reaffirms its commitment to environmental sustainability and positions itself as a responsible leader in the aquaculture sector.

Bakkafrost policies
Bakkafrost is committed to conducting business with integrity and ensuring compliance with human rights, anti-corruption, tax regulations, and ethical standards. The company upholds international human rights principles, fostering fair labour practices and safe working conditions. Zero tolerance for corruption is enforced through strict anti-bribery policies, aligning with global compliance frameworks. Bakkafrost adheres to transparent and responsible tax practices, contributing fairly to the communities in which it operates. Ethical standards are embedded in corporate governance, ensuring accountability and sustainability in decision-making. For more information on Bakkafrost's policies, please visit the company's website for the complete list of policies.

KPIs and Accounting Principles

Turnover
The turnover KPI is calculated as the proportion of net turnover derived from Taxonomy-eligible and Taxonomy-aligned activities relative to total consolidated net turnover, measured in accordance with IFRS standards (IAS 1). This metric allows us to assess how much our revenue is generated from activities that support our sustainability objectives.

Capital Expenditure (CapEx)
The CapEx KPI reflects the share of capital expenditure invested in assets or developments related to Taxonomy-eligible or aligned activities, divided by total capital expenditure. Total CapEx is defined in line with IFRS standards (IAS 16) and includes additions to property, plant, and equipment and expenditures on leases and related investments. Bakkafrost's KPI encompasses capital investments to enhance sustainable aquaculture operations and low-carbon production processes. Due to ongoing assessments, our detailed CapEx plan is still being refined for complete integration into our Taxonomy reporting.

Operating Expenses (Opex) KPI
The Opex KPI is defined as the ratio of operating expenses directly related to Taxonomy-eligible or aligned assets or processes, divided by the direct costs associated with maintaining these assets - such as expenses maintenance, repair, and development expenses for maintenance, repair, and research and development. Indirect expenses are excluded, including selling, general, and administrative costs, depreciation, amortization, and impairments. At Bakkafrost, we are further refining our methodology to extract operating expense data from our financial statements in a manner that fully aligns with the Taxonomy definitions. Currently, the KPI covers costs associated with assets supporting sustainable production and specific initiatives that drive low-carbon improvements.

These measures and reporting practices enable Bakkafrost to meet the minimum social safeguard requirements under the EU Taxonomy, ensuring that our operations are conducted responsibly while contributing to our overall sustainability objectives.

Bakkafrost's Taxonomy-eligible and Aligned Activities
While aquaculture is not explicitly defined in taxonomy, Bakkafrost's fully integrated value chain spans multiple sectors relevant under the framework. The company has conducted a thorough assessment - based on applicable laws, EU guidance, and technical criteria - to determine which of its activities qualify as taxonomy-eligible and aligned. This evaluation ensures that all operations are continuously reviewed and adapted to meet evolving regulatory requirements and contribute positively to the EU's environmental objectives.

Bakkafrost has screened and analysed its activities for EU taxonomy subject to the six environmental objectives. For 2024, Bakkafrost has included nine activities related to climate mitigation. These activities are (Taxonomy-aligned in italics):

- *4.9 Transmission and distribution of electricity*
- *4.20 Cogeneration of heat, cool, and power from bioenergy*
- *5.6 Anaerobic Digestion of sewage sludge*
- *5.7 Anaerobic digestion of Bio-Waste*
- *6.5 Transport by motorbike, passenger cars, and light commercial vehicles*
- *6.10 Sea and coastal freight water transport for port operations and auxiliary activities*
- 6.19 Passenger and freight air transport
- 7.1 Construction of new buildings
- *7.4 Installation, maintenance, and repair of charging stations for electric vehicles*

4.9 Transmission and distribution of electricity

Description of Activity
Bakkafrost Scotland is investing in a wire connection to bring electricity generated from hydropower to its Applecross facility.

Substantial Contribution to Climate Change Mitigation
Shifting to electricity generated from hydropower eliminates the need to get power from fossil fuels and other sources. Hydropower energy is 100% renewable, and the investment is in the infrastructure with the main objective of using renewable energy.

Do No Significant Harm (DNSH)
Pollution Prevention and Circular Economy:
The private wire is underground and not subject to overground high-voltage line concerns. Maximal reuse or recycling of material is a priority and is therefore included in the plan for this investment.

This activity is therefore considered and included in the reporting of Taxonomy-aligned activities.

4.20 Cogeneration of Heat, Cool, and Power from Bioenergy

Description of Activity
Bakkafrost, through its ownership of Förka, generates renewable electricity and heat from organic waste using biogas cogeneration technology. This process supplies sustainable energy to its operations, replacing fossil fuel dependence.

Substantial Contribution to Climate Change Mitigation
The cogeneration of heat and power through bioenergy reduces carbon emissions and enhances energy efficiency. This system ensures high energy conversion rates while utilizing locally sourced organic waste, reducing reliance on non-renewable energy sources. Greenhouse gas emission savings from the use of biomass are required to be above 80%.

Do No Significant Harm (DNSH)
Pollution Prevention:
The activity is managed under stringent emissions control measures, which ensure compliance with air quality regulations and reduce particulate matter output.

This activity is therefore considered and included in the reporting of Taxonomy-aligned activities.

5.6 Anaerobic Digestion of Sewage Sludge

Description of Activity
Bakkafrost transports sewage sludge from its aquaculture operations to its owned facility, Förka, where it undergoes anaerobic digestion. This process generates renewable energy and organic fertilizer, reducing the environmental impact of waste disposal.

Substantial Contribution to Climate Change Mitigation
The activity reduces reliance on fossil fuels by converting organic waste into biogas, supporting sustainable energy use and effective waste management. The facility is specially designed to capture and thus minimize methane leakage, and the produced biogas is used directly to generate electricity and heat.

Do No Significant Harm (DNSH)
Pollution Prevention:
The emissions are within or lower than the emission levels associated with the best available techniques (BAT-AEL) for anaerobic waste treatment.

This activity is therefore considered and included in the reporting of Taxonomy-aligned activities.

5.7 Anaerobic Digestion of Bio-Waste

Description of Activity
Bakkafrost, through its owned facility Förka, processes organic bio-waste generated from salmon farming operations and household waste using anaerobic digestion. This method converts organic material into biogas, providing renewable energy. This is done at the dedicated facility for biogas operation.

Substantial Contribution to Climate Change Mitigation
Capturing and utilizing methane from organic waste reduces greenhouse gas emissions and replaces fossil-based energy sources. The produced biogas is used for heat and electricity, supporting energy efficiency and resource circularity in aquaculture operations. Furthermore, the digestate is distributed back out as fertilizer and soil improver.

Do No Significant Harm (DNSH)
Pollution Prevention:
The anaerobic digestion process adheres to strict environmental standards, ensuring the safe handling of waste by-products and preventing water and air pollution. The emissions to air and water are within or lower than the emission levels associated with the best available techniques (BAT-AEL)

This activity is therefore considered and included in the reporting of Taxonomy-aligned activities.

6.5 Transport by Motorbikes, Passenger Cars, and Light Commercial Vehicles

Description of Activity
Bakkafrost has transitioned to electric vehicles to reduce ground transport emissions. This is a continuous project that will take place over the coming years.

Substantial Contribution to Climate Change Mitigation
Shifting to electric transport directly decreases fossil fuel consumption, contributing to EU Taxonomy targets for sustainable mobility. The vehicles are fully electric and thus have zero tailpipe emissions.

Do No Significant Harm (DNSH)
Pollution Prevention and Circular Economy:
The transition follows EU regulations on battery disposal and energy efficiency for sustainable implementation. Measures are in place to manage waste once the fleet has reached the end of life and throughout its life via maintenance.

This activity is therefore considered and included in the reporting of Taxonomy-aligned activities.

6.10 Sea and Coastal Freight Water Transport, Vessels for Port Operations and Auxiliary Activities

Description of Activity
Bakkafrost operates a fully electric workboat in the Faroe Islands to support daily aquaculture operations, reducing reliance on diesel-powered vessels.

Substantial Contribution to Climate Change Mitigation The transition to an electric workboat significantly cuts CO2 emissions and supports decarbonization in the sector, aligning with EU Taxonomy transport decarbonization objectives. The vessel aligns directly with the first criterion of having zero direct (tailpipe) CO2 emissions.

Do No Significant Harm (DNSH)
Pollution Prevention:
All vessel operations comply with EU maritime environmental standards to prevent water pollution.

This activity is therefore considered and included in the reporting of Taxonomy-aligned activities.6.19 Passenger and Freight Air Transport

Description of Activity
Bakkafrost has invested in an aircraft to optimize its logistical channel. The primary operation is to distribute salmon to the end customer. The aircraft uses regular fuel but has also incorporated Sustainable Aviation Fuel (SAF).

Substantial Contribution to Climate Change Mitigation The use of SAF fuel is working to reduce emissions from air transport, supporting EU Taxonomy goals for energy-efficient mobility solutions. However, its current use levels of SAF do not yet meet the thresholds required for alignment with EU Taxonomy standards.

This activity is therefore considered but not aligned with EU-taxonomy requirements

7.1 Construction of new buildings

Description of Activity
Bakkafrost is spending a significant portion of its capex on hatcheries and its capabilities. Bakkafrost is constructing the Applecross Hatchery in Scotland, a modern facility to increase smolt production capacity while ensuring high fish health and biosecurity standards. The hatchery is designed with state-of-the-art technology to enhance operational efficiency, water treatment systems with recirculation (RAS), and disease prevention measures, ensuring sustainable growth within the aquaculture sector.

In addition, the construction of a new hatchery in Skálavík, the Faroe Islands, is underway. It is designed similarly to Applecross and will use similar technology, water treatment systems, etc.

Substantial Contribution to Climate Change Mitigation
Even though this activity contributes to climate mitigation by integrating energy-efficient building materials, optimizing insulation, and incorporating heat recovery systems, the necessary assessments for taxonomy alignment have not been performed. Therefore, it cannot be included in the taxonomy as an aligned activity.

This activity is, therefore, not included in the taxonomy-aligned activities.

7.4 Installation, Maintenance, and Repair of Charging Stations for Electric Vehicles

Description of Activity
Bakkafrost has installed multiple charging stations across its operational facilities to support the transition to an electric vehicle fleet, which aligns with EU sustainability and decarbonization targets.

Substantial Contribution to Climate Change Mitigation
Expanding electric vehicle charging infrastructure reduces dependency on fossil fuels, directly lowering transport-related emissions, consistent with the EU Taxonomy requirements for sustainable transport systems.

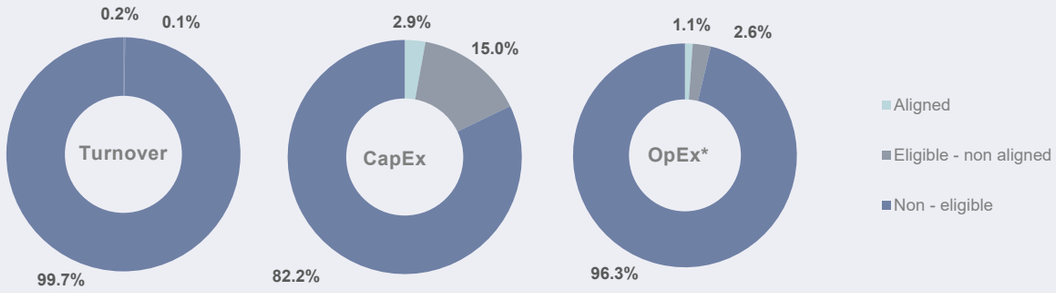
Do No Significant Harm (DNSH)
Pollution Prevention:
Charging infrastructure is designed to optimize energy efficiency, minimize power losses, and comply with sustainability regulations.

This activity is therefore considered and included in the reporting of Taxonomy-aligned activities.

Commitment to the future
Bakkafrost remains dedicated and committed to investing in sustainable solutions for future operations. Through its fully integrated value chain, Bakkafrost's operation is already subjected to several other activities and objectives not fully described in the 2024 EU Taxonomy. This is primarily related to activities outside of 2024 (CapEx and OpEx) and, therefore, falls outside the scope of this reporting. There is also an ongoing assessment of activities before they can be incorporated into the EU Taxonomy.

EU Taxonomy *(DKK MILLION)*

Category	Turnover	CapEx	OpEx
Aligned	14	29	3
Eligible - non aligned	4	152	7
Non - eligible	7,315	832	274
Total Company	**7,334**	**1,013**	**284**



**The OpEx is adjusted for taxonomy-related activities. The total company amount primarily contains expenditures related to repairs and maintenance.*

TAXONOMY ALIGNED - TURNOVER

				Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities	**Code**	**Absolute turnover *(mDKK)***	**Proportion of Turno-ver %**	**Climate Change Mitigation**	**Climate Change Adaptation**	**Water**	**Pollution**	**Circular Economy**	**Biodiversity and eco-systems**	**Climate Change Mitigation**	**Climate Change Adaptation**	**Water**	**Pollution**	**Circular Economy**	**Biodiversity**	**Minimum Safeguards**	**Taxonomy aligned proportion of total turnover, 2024 (%)**	**Taxonomy aligned proportion of total turnover, 2023 (%)**	**Enabling activity**	**Transitional activity**
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Cogeneration of heat/cool and power from bioenergy		14.3	0.2%	100%	0%	0%	0%	0%	0%		Y	Y	Y	Y	Y	Y	0.2%	0.1%		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**14.3**	**0.2%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**0.2%**	**0.1%**	**0.0%**	**0.0%**
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Passenger and freight air transport		4.4	0.1%															0%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**4.4**	**0.1%**															**0.0%**		
Total (A.1+A.2)		**18.7**	**0.3%**															**0.1%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible activities		**7,315.0**	**99.7%**																	
Total (A+B)		**7,333.7**	**100%**																	

TAXONOMY ALIGNED - CAPEX

				Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities	**Code**	**Absolute CapEx *(mDKK)***	**Proportion of CapEx %**	**Climate Change Mitigation**	**Climate Change Adaptation**	**Water**	**Pollution**	**Circular Economy**	**Biodiversity and eco-systems**	**Climate Change Mitigation**	**Climate Change Adaptation**	**Water**	**Pollution**	**Circular Economy**	**Biodiversity**	**Minimum Safeguards**	**Taxonomy aligned proportion of total CapEx, 2024 (%)**	**Taxonomy aligned proportion of total CapEx, 2023 (%)**	**Enabling activity**	**Transitional activity**
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. CapEx of environmentally sustainable activities (Taxonomy-aligned)																				
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)		0.1	0.0%	100%	0%	0%	0%	0%	0%		Y	Y	Y	Y	Y	Y	0.0%	0.0%	E	
Transmission and distribution of electricity		24.3	2.4%	100%	0%	0%	0%	0%	0%		Y	Y	Y	Y	Y	Y	2.4%	0.0%	E	
Transport by motorbikes, passenger cars and light commercial vehicles		4.5	0.4%	100%	0%	0%	0%	0%	0%		Y	Y	Y	Y	Y	Y	0.4%	0.5%		T
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**28.9**	**2.9%**	**3%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**2.9%**	**0.5%**	**2.3%**	**0.4%**
A.2 Taxonomy-Eligible but not environmentally sustainable activities																				
Construction of new buildings		149.3	14.7%															15.0%		
Passenger and freight air transport		2.6	0.3%															16%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**151.9**	**15.0%**															**30.9%**		
Total (A.1+A.2)		**180.8**	**17.8%**															**31.4%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Capex of Taxonomy-non-eligible activities		**832.5**	**82.2%**																	
Total (A+B)		**1,013.3**	**100%**																	

TAXONOMY ALIGNED – OPEX

				Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities	**Code**	**Absolute OpEx *(mDKK)***	**Proportion of OpEx over %**	**Climate Change Mitigation**	**Climate Change Adaptation**	**Water**	**Pollution**	**Circular Economy**	**Biodiversity and ecosystems**	**Climate Change Mitigation**	**Climate Change Adaptation**	**Water**	**Pollution**	**Circular Economy**	**Biodiversity**	**Minimum Safeguards**	**Taxonomy aligned proportion of total OpEx, 2024 (%)**	**Taxonomy aligned proportion of total OpEx, 2023 (%)**	**Enabling activity**	**Transitional activity**
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Anaerobic digestion of bio-waste (OpEx A)		0.9	0.3%	100%	0%	0%	0%	0%	0%		Y	Y	Y	Y	Y	Y	0.3%	0.3%		
Anaerobic digestion of sewage sludge (OpEx A)		0.9	0.3%	100%	0%	0%	0%	0%	0%		Y	Y	Y	Y	Y	Y	0.3%	0.3%		
Cogeneration of heat/cool and power from bioenergy (OpEx A)		0.9	0.3%	100%	0%	0%	0%	0%	0%		Y	Y	Y	Y	Y	Y	0.3%	0.3%		
Sea and coastal freight water transport, vessels for port operations and auxiliary activities (OpEx A)		0.5	0.2%	100%	0%	0%	0%	0%	0%		Y	Y	Y	Y	Y	Y	0.2%	0.1%		T
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**3.2**	**1.1%**	**1%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**1.1%**	**1.1%**	**0%**	**0%**
A.2 Taxonomy-Eligible but not environmentally sustainable activities																				
Passenger and freight air transport (OpEx B)		7.4	2.6%															0%		
Sea and coastal freight water transport, vessels for port operations and auxiliary activities (OpEx C)		0.0	0.0%															0%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**7.4**	**2.6%**															**0.0%**		
Total (A.1+A.2)		**10.6**	**3.7%**															**1.1%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
OpEx of Taxonomy-non-eligible activities		**273.0**	**96.3%**																	
Total (A+B)		**283.6**	**100%**																	

ESRS 2 MDR-T
ACCOUNTING POLICIES

ESRS Disclosure Requirement	Paragraph	Target / Data point	Accounting policy
All		All	All metrics cover the reporting period 1 January 2024 – 31 December 2024. No external body other than the assurance provider has provided validation for the following metrics.

E1-5 & E1-6	All	Energy consumption and Scope 1, 2 and 3 GHG emissions	The tables above outline the energy consumption and GHG emissions for scope 1, 2 and 3 between 2020 and 2024. Please note:
			• Energy consumption and GHG emissions are now reported from our selected base year (2020) to the most recent reporting period.
			• As of 2024, energy consumption and GHG emissions for Bakkafrost Faroe Islands, US, Scotland, Munkebo (Denmark) and France are reported together. This includes energy consumption from:
			  • Bakkafrost Faroe Islands - FarCargo (new for FY24), biogas, broodstock, hatcheries, farming, harvesting, processing (including smokery), packaging used for fishmeal, oil and feed production, and biogas production to be sold to the national grid.
			  • Bakkafrost US - fishmeal, oil and feed, packaging which we produce and sell to other fish farmers, and service vessels used for other farms.
			  • Bakkafrost France – office energy consumption and purchased fish.
			  • Bakkafrost Scotland - all our farming, harvesting, and processing operations.
			  • Munkebo Denmark – site energy consumption, waste generated in operations.
			• Our two-and-a-half-year production cycle means there is some variability in production. Environmental data will be impacted by this, and trends will be most meaningful over a four-year period. This should be taken into account when comparing data.
			• Electricity consumption (Scope 2) gives rise to indirect emissions, i.e. via combustion of fossil fuels by the power company to generate energy. Direct emissions (Scope 1) result from the combustion of fossil fuels, i.e. solid, liquid or gas for heating, creating propulsion in vessels etc.
			• The methodology used for the carbon accounting is The Greenhouse Gas Protocol, a Corporate Accounting and Reporting Standard (Revised Edition).
			• We quantified our indirect scope 3 emissions for Bakkafrost Faroe Islands in 2019, and Bakkafrost Scotland in 2021. We reviewed the 15 Scope 3 categories of the GHG Protocol and identified 9 that were material for which there was good primary evidence available to estimate associated emissions. Using industry carbon benchmark data, we estimated the emissions associated with each category. This included downstream transportation and distribution of products, purchased goods or services, use of sold products, end-of-life treatment of sold products, upstream transportation and distribution, employee commuting, business travel, fuel and energy related activities and waste generated in operations. Since undertaking the initial exercise, we have added processing of sold products for sold oil and waste products. We endeavor to report this figure on an annual basis. We are aware that, in future, further categories may be included within the scope of our Scope 3 calculation.
			• We have also re-confirmed the materiality of capital goods emissions for Bakkafrost Faroe Islands and Bakkafrost Scotland in the 2024 scope 3 footprint, in order to be able to continue to justify its exclusion. Capital Goods emissions are not included within the reported Scope 3 figures from 2020 to 2024. They are included within the reported figures under CSRD.
			• Our KPI benchmarks annual Scope 1, 2 and 3 emissions against tonnes of sold product.This KPI is more representative of Bakkafrost's operations and takes account of all fish feed, meal and oils sold.
			• The chosen consolidation approach for emissions was operational control. All figures are direct consumption reported for each Business Unit, multiplied by an energy conversion factor (as appropriate) and carbon emission factor per unit consumed.
			
			In 2024 we improved the coverage of our footprint to include emissions from:
			• The purchase and operation of our new aircraft (operated by FarCargo)
			• Munkebo Services, Capital Goods, and Purchased Goods
			• Faroe Islands Purchased Services
			• Munkebo, France and US Business Travel
			• Munkebo, France and US Employee Commuting
			
			For categories relevant in the base year with data unavailable, these were estimated based on the most recent year available (and adjusted if feasible e.g. based on headcount).
			• All emission and conversion factors for direct emissions (Scope 1) are from BEIS [UK] 2024's dataset, while emission factors for electricity use are based on the most recent statistical data available obtained from IEA, BEIS, or direct from Umhvørvisstovan, the Faroe Islands Environment Agency.
			• Tonnes of Carbon Dioxide equivalent (tCO2e) has been calculated and stated here – this then takes account of the global warming potential attributed to the other two key greenhouse gases associated with combustion of fossil fuels, in addition to carbon-dioxide (CO2), i.e. methane (CH4) and nitrous oxide (N2O).

ESRS 2 MDR-T
ACCOUNTING POLICIES

ESRS Disclosure Requirement	Paragraph	Target / Data point	Accounting policy
Entity-specific	-	Comparison of climate footprint of different sources of animal protein	To ensure transparency and consistency in reporting the climate footprint of various sources of animal protein, we base our calculations on the study by Poore & Nemecek (2018), titled "Reducing food's environmental impacts through producers and consumers," published in *Science* (Vol. 360, Issue 6392, pp. 987-992). This study consolidates data on the multiple environmental impacts of approximately 38,000 farms producing 40 different agricultural goods worldwide. The dataset underlying this study provides emission factors aligned with a standardized methodological approach, making it a reliable source for our reporting purposes. **Scope of the Data Used** In line with the methodology presented in Poore & Nemecek (2018), we adopt the following scope definitions: • **Temporal Scope**: The data includes studies published online between 2000 and June 2016. Observations are approximately centered on the year 2010, with external data sources primarily from 2009-2011. This timeframe ensures consistency with internationally recognized Life Cycle Assessment (LCA) standards (ISO 14040:1997, ISO 14041:1999, ISO 14042:2000, ISO 14043:2000). • **Production Practices**: Only commercially viable and currently existing production systems were included, excluding foraged foods and subsistence farming. • **System Boundary**: The supply chain is assessed from resource extraction for agricultural production inputs to the retail stage, where consumers make purchasing decisions. Post-retail activities (cooking, consumer losses) are excluded due to high variability and limited data availability. **Emission Factor Selection and Interpretation** We use the emission factors reported in the *Results – Retail Weight* sheet of the dataset supporting Poore & Nemecek (2018). This dataset provides emissions (expressed in kgCO2e per functional unit) based on multiple percentiles (5th, 10th, 90th, 95th), along with median and mean values. For consistency and comparability, we report mean values (kgCO2e per functional unit) as the standard emission factors for various animal protein sources. These values represent the average emissions calculated across the different production systems studied.

E2 Pollution

List of disclosure requirements		Page reference
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ESRS 2 SBM-3
MATERIAL IMPACTS, RISKS AND OPPORTUNITIES IN RELATION TO POLLUTION

POLLUTION – MATERIAL IMPACTS, RISKS AND OPPORTUNITIES				Location in value chain			Time horizon		
				Upstream	Own operation	Downstream	Short-term (0-2 years)	Medium-term (3-5 years)	Long-term (+6 years)
ESRS topical matter (AR 16)	**ESRS sub-sub-topic (AR 16)**	**IRO**	**Type**						
Pollution of air	-	Air pollution from feed production	Actual negative impact		•		Current reporting period		
Pollution of air	-	Air pollution from non-GHG pollutants	Actual negative impact		•		Current reporting period		
Pollution of soil	-	Pollution from pesticide-use	Actual negative impact	•			Current reporting period		
Pollution water	-	Pollution of rivers via organic effluent from freshwater sites	Actual negative impact		•		Current reporting period		

ESRS SBM-3

IMPACTS, RISKS AND OPPORTUNITIES RELATED TO POLLUTION

The materiality assessment described in disclosure requirement IRO-1 identified the following material climate-related impacts.

- **Air pollution from feed production (odour) – Actual negative impact**

  The communities surrounding our production sites are vital stakeholders for Bakkafrost. We recognize the importance of maintaining strong connections with these communities to foster collaboration, goodwill, and mutual understanding.

  An actual negative impact has been identified at our feed production facility, Havsbrún, which affects the surrounding environment, particularly air quality.
  To produce high-quality fishmeal and fish oil, Bakkafrost sources marine raw materials that are unsuitable for human consumption. However, the processing of these raw materials during production emits odours that influence the quality of life in the surrounding community of Fuglafjørður, Faroe Islands.

  The impact, which occurs throughout the year, refers to Bakkafrost's direct operations as it pertains to the company's own feed division, Havsbrún.
  The negative impact constitutes core Bakkafrost operations and originates from the company's strategy and business model.

  The impact, which constitutes core Bakkafrost operations and thus is considered to originate from the company's strategy and business model, has affected Bakkafrost's license to operate in the community of Fuglafjørður. Bakkafrost has responded to this by launching a project to minimise the impact. This includes building a 75-meter-tall chimney to redirect odours higher into the atmosphere where they can dissipate more effectively. Additionally, a 14-meter-tall 'air cleaner' has been constructed to reduce odours from the feed department by more than 95%. The impact is expected to be reduced significantly within a short-term time horizon.

  The impact is covered by ESRS disclosure requirements.

- **Air pollution from non-GHG pollutants – Actual negative impact**

  Bakkafrost has identified an actual negative impact on the air quality surrounding its feed production facility in Fuglafjørður, Faroe Islands. The impact is caused by air pollution from non-GHG pollutants emitted during the production of fish meal and salmon feed.
  The impact can have health and social consequences, as non-GHG pollutants contribute to the formation of ground-level ozone and fine particulate matter (PM2.5), which can exacerbate respiratory and cardiovascular illnesses. This impact can also affect the human rights of the local community, as it impacts the 'right to a safe and healthy environment'.
  Bakkafrost is involved in the impact through its direct activities, and the impact occurred in the reporting year and occurs annually.
  As the impact constitutes core Bakkafrost operations, the impact originates from the company's strategy, particularly controlling the production of salmon feed within the company's own value chain.

  Bakkafrost acknowledges that its emissions of non-GHG pollutants can have a negative impact on affected communities surrounding Havsbrún.
  Currently, the impact has not necessitated significant changes to Bakkafrost's overarching business model or strategy, as the impact is continuously monitored to ensure that levels of emitted non-GHG pollutants remain at a level within regulatory limits.
  Bakkafrost plans to increase production output at Havsbrún, and thus, it might be necessary to make investments to reduce the emissions of non-GHG pollutants.

  The impact is covered by ESRS disclosure requirements.

- **Pollution from pesticide use – Actual negative impact**

  Bakkafrost has identified an actual negative impact due to the soy protein concentrate sourced for the production of salmon feed. Cultivating soybeans often involves using pesticides to control weeds, pests, and diseases that can diminish crop yields. However, the use of pesticides can negatively impact the soil by disrupting its natural ecosystem and potentially decreasing soil fertility over time. If not used responsibly, pesticides can significantly affect the soil and pose a risk of environmental contamination.
  The impact, which occurred in the reporting year and occurs annually, refers to the upstream value chain of Bakkafrost's feed division, Havsbrún. Thus, Bakkafrost is involved in the impact through its business relationships.
  As the impact constitutes Bakkafrost's core operations, it is considered to originate from Bakkafrost's strategy and business model.

  The impact has not yet had any tangible effect on Bakkafrost, but if not handled properly, the impact is anticipated to affect Bakkafrost's license to operate as B2B customers and end-users become increasingly aware of the environmental impacts of the products that they source.
  Bakkafrost has responded by ensuring that all soy protein concentrate sourced is Proterra-certified or certified according to similar standards, which stipulate the ambition to minimise pesticide use as much as possible. Bakkafrost is committed to sourcing agricultural commodities responsibly to prevent overuse and irresponsible practices.
  The impact is partially covered by ESRS disclosure requirements. Bakkafrost has chosen to exercise the Transitional Provision provided by ESRS to omit this value chain metric, as per ESRS1 10.2.

- **Pollution of rivers via organic effluent from freshwater sites – Actual negative impact**

  Bakkafrost uses freshwater in its direct operations, especially in smolt and broodstock production and at Processing facilities.
  The discharged water contains organic effluent, primarily from the feces produced by the salmon at the sites.
  Chemicals are also used in the operations, primarily for decontamination purposes and to ensure proper water quality, and thus, chemicals are included in the discharged water. This has been identified as an actual negative impact.

  As a producer of food intended for human consumption, the implementation of rigorous decontamination processes is deemed essential to uphold a standard of quality that guarantees the preservation of food safety throughout all stages of production.

  In addition, Bakkafrost has implemented a strategy of moving an increasing volume of salmon to on-land facilities to minimise biological risks from farming in the marine environment. Thus, the impacts stem from the company's overarching business model. However, the inclusion of faeces in the discharged water from smolt stations contributes to organic pollution, potentially affecting local water quality and ecosystem health.

  Whereas the freshwater used is discharged into the ocean during operations in the Faroe Islands, and thus substances are dispersed, some of our sites in Scotland discharge freshwater into rivers. The discharged water contains varying levels of organic matter, nitrogen, and phosphorus, which can cause problems like algal blooms and biodiversity loss in the rivers. The impact can be significant, particularly if the discharge has high concentrations of these substances. The wastewater can also affect the entire river system and its associated ecosystems.
  The impact refers to Bakkafrost's own direct operations, and the impact occurred during the reporting period and occurs annually.

  Bakkafrost recognises the impact of its operations and the potential consequences for the environment. To maintain its operational permits, the company complies with Scottish environmental legislation, which sets strict limits on emissions and discharges. Also, Bakkafrost has conducted a Macroinvertebrate identification survey downstream from the farms' effluent discharge point, showing commitment to understanding any of the potential negative impacts on the environment. The survey included an upstream control point with multiple downstream sampling points.
  In the Faroe Islands, partial regulatory requirements apply to some sites. To ensure compliance, Bakkafrost has installed monitoring systems to measure chemical levels in discharged water, both where mandated by authorities and, in some facilities, voluntarily as part of its commitment to environmental responsibility.

  The impact is covered by ESRS disclosure requirements.

The resilience of Bakkafrost's business model to address impacts, risks and opportunities related to pollution

Bakkafrost has not conducted a formal resilience analysis to evaluate its ability to manage the identified material impacts, risks and opportunities related to pollution-related topics. However, based on qualitative analysis, the company is in a good position to address the identified impacts.

Customers, consumers, investors, and the public in general are anticipated to become increasingly oriented toward addressing companies' pollution-related impacts. This might affect companies' 'license to operate' on an intermediate basis until companies implement mitigation actions.

As recently demonstrated through the investment and construction of a high chimney and air cleaners at our feed production facility, Bakkafrost has demonstrated the adaptability of its business model to meet new environmental requirements and demands. When this is combined with Bakkafrost's strong financial position, this means that the company's strategy is pretty resilient, and that it has good capacity to address the identified impacts.

Going forward, with Bakkafrost planning to increase its production output, the company expects to implement further mitigation actions resulting in an increase in pollution prevention-related CapEx within its own value chain.

Costs related to mitigation actions in the value chain, e.g. extra cost associated with sourcing certified commodities, are expected to remain going forward.

E2-1

Our approach

At Bakkafrost, we prioritise responsible management of substances potentially harmful to the environment and take our responsibility seriously. Through preventive measures and ongoing monitoring, we strive to prevent and minimise pollution-related impacts.

The objective of Bakkafrost's Pollution Prevention and Control Policy is to outline our approach to managing the impacts, risks, and opportunities associated with pollution. The policy applies to our direct and indirect activities, as identified through our assessment framework and the company's Double Materiality Assessment.

The policy applies to all units over which P/F Bakkafrost has controlling influence through shareholding or agreement across all geographies in which it operates. This policy concerns the pollution prevention and control of its own operations and throughout the upstream and downstream value chain.

The Board of Directors holds overall responsibility for policy oversight, ensuring compliance with corporate governance principles and sustainability objectives.
The Chief Executive Officer (CEO) is responsible for implementing and managing this policy, overseeing its execution, and reporting to the Board on actual development related to this policy. The CEO also ensures that procurement and resource management practices align with Bakkafrost's sustainability commitments.

The policy outlines Bakkafrost's commitment to mitigating the negative effects of pollution on air, water, and soil through effective prevention and control measures. The policy also stipulates Bakkafrost's commitment to substitute and minimise the use of harmful substances and phasing out substances of very high concern.
To support Bakkafrost's efforts, Bakkafrost is committed to avoiding pollution-related incidents and emergency situations and, if and when they occur, controlling and limiting their impact on the environment and/or civil society.
The policy commits Bakkafrost to achieve certification against third-party standards that include requirements for pollution prevention, particularly ISO 14001, which includes a commitment to pollution prevention.

Bakkafrost mainly utilises certification schemes and similar frameworks as measures to ensure that the commitments in the Pollution Prevention and Control Policy are fulfilled.

In addition to the Pollution Prevention Policy, our Freshwater Use Policy addresses water pollution by including a commitment to control and prevent water pollution. More information about this policy can be found under the section 'Our Approach' in E3 Water and Marine Resources.

E2-2

Actions

- **New air cleaners and chimney to reduce odour**
  In 2024, Bakkafrost constructed one 14-meter-tall 'air cleaner' to reduce the odour pollution from the feed department, located in Fuglafjørður in the Faroe Islands, by 95%. The Feed department is estimated to be responsible for 80% of the total odour emissions at Havsbrún.
  In addition, Bakkafrost built a 75-meter-tall chimney to direct the produced emissions/smoke higher into the atmosphere so they can dissipate more effectively. This also includes the fact that the pollutants will be released at a height that minimises their impact on surrounding communities and human health.

  The project, of which the first stage was completed in 2024, is expected to mitigate the negative impact within a short-term time horizon. Bakkafrost will follow up and measure the actual effect of this initiative.
  The expenses of implementing this action plan amounted to around 40 million DKK in 2024. The expenses were covered through the sustainability-linked loan that Bakkafrost entered in 2022 and extended in January 2024. Information about this financial facility can be found in the section Capital Structure and Financing Items in the management statement of this report.
  The initiative, which is a direct action to provide remedy for the impact of 'Air pollution from feed production (odour)', is considered to lie within the 'reduce pollution'-layer of the mitigation hierarchy.

- **Certifications**
  Bakkafrost has applied the approach of only sourcing soy that is certified against the Proterra standard or similar. These certifications ensure that good agricultural practices are upheld and support organisations in reducing the use of toxic and polluting materials, particularly pesticides while managing the potential impact of their agricultural activities. The Proterra certification ensures that pesticides listed as forbidden by WHO, Rotterdam Convention, Stockholm Convention, local, national, and regional law may not be used.
  This is a continuous action that will support our commitment to minimising the use of substances of high concern. This action relates to the upstream value chain of our feed facility, Havsbrún.
  We consider this action to lie within the 'reduce pollution'-layer of the mitigation hierarchy

- **Discharge limits**
  The Scottish Environment Protection Agency (SEPA) sets water abstraction and discharge limits. Bakkafrost conducts monthly and quarterly tests of incoming and outgoing water at the Freshwater facilities in Scotland to ensure compliance.
  Although initially required by the Best Aquaculture Practices (BAP) certification, which our Scottish operations were previously certified against (we have now switched to ASC), we have actively chosen to continue these practices. Each site has specific discharge limits, and water must be treated before release. For example, our Kinlochmoidart site's (KLM) discharge permit includes a prohibition of discharge of wastewater containing certain chemicals to ensure protection of freshwater mussels in the river.
  We consider this initiative to lie within the 'avoid pollution'-layer of the mitigation hierarchy.

METRICS AND TARGETS

E2-3

Targets and Performance

Bakkafrost operates according to its 'Corporate Responsibility and Sustainability Policy,' which stipulates that the company seeks to minimise environmental pollution at each stage of the value chain.

- **Decrease the odour from the production at our feed production facility Havsbrún**

  The Bakkafrost Pollution Policy commits the Fishmeal, Oil and Feed operation to mitigate negative impacts related to pollution to air. To support this commitment, Bakkafrost has set a target to decrease the odour from the production at our Fishmeal, Oil and Feed facility, Havsbrún.

  This is a rolling target with no specific time horizon or end date. The target applies to Bakkafrost's Fish Meal, Oil and Feed segment, which is located in Fuglafjørður, Faroe Islands.

  We have not established a base year or a baseline value for this target. The target is not considered to be based on conclusive scientific evidence.
  The target, which has been voluntarily set, relates to the prevention and control of air pollutants. As the target does not yet include quantitative indicators, it is neither absolute nor relative.

  Bakkafrost has not engaged directly with stakeholders in setting the target.

  Bakkafrost does not currently have a metric to measure the performance of this target. This target has been established based on Bakkafrost's commitment to the local communities surrounding its facilities. Odour pollution has been an ongoing issue for the local community of Havsbrún for years. Therefore, Bakkafrost has set a target to reduce odour emissions from our fishmeal and oil production facility.

- **Establish full monitoring of the substances in discharged water from all Bakkafrost sites that discharge freshwater**

  Our Freshwater Use Policy states that we are committed to controlling water pollution and preventing pollution of any freshwater resources. To support this commitment, we prioritise installing monitoring systems at all sites with material water discharges to establish full monitoring of the substances discharged.

  The target is absolute and has no specific time horizon assigned to it. It applies to all Bakkafrost units that discharge freshwater related to operations.

  As the target has recently been adopted, Bakkafrost has not yet listed all its sites that discharge freshwater prior to the publication of this report. Therefore, we cannot report on any performance related to the target yet.

  The target's base year is 2024, and the baseline value has yet to be determined, as described in the paragraph above.

  Bakkafrost has not engaged directly with stakeholders in setting the target.

E2-6

Anticipated financial effects from material pollution-related risks and opportunities

Bakkafrost has not identified any material pollution-related risks or opportunities in the Double Materiality Assessment.
Therefore, no disclosure on anticipated financial effects will be disclosed.

E2-4

Pollution to air, water, and soil

1 January 2024 – 31 December 2024

	Unit	Target	2024	2023
Emissions to air				
Carbon monoxide (CO)	Tonnes		24.91	9.98
Nitrous oxide (N_2O)	Tonnes		4.36	0.35
Ammonia	Tonnes		1.95	0.14
Nitrogen oxides (NO_x/NO_2	Tonnes		115.9	307
Sulphur oxides (Sox/SO2)	Tonnes		0.97	0.000002
Chromium and compounds (as CR)	Tonnes		0.001	0.0008
Copper and compounds (as Cu)	Tonnes		0.004	0.00083
Nickel and compounds (as Ni)	Tonnes		0.85	0.16
Lead and compounds (as Pb)	Tonnes		0.003	0.0017
Particulate matter (PM10)	Tonnes		13.94	7.03
Emissions to Water*				
Total nitrogen	Tonnes		401	390
Total phosphorus	Tonnes		1,606	1,559
Copper and compounds (Cu)	Tonnes		0.21	0.21
Zinc and compounds (as Zn)	Tonnes		4.8	4.7
Chlorides (as total Cl)	Tonnes		118	37.5
Emissions to soil	**Tonnes**		**0**	**0**

**Figures for 2023 regarding 'Emissions to water' have been updated due to the discovery of a miscalculation in the previous year.*

E2-4

Substances of concern

1 January 2024 – 31 December 2024

Substance	Hazard class	Hazard Category	Unit	Target	2024	2023
Sulphur oxides (Sox/SO2)	Hazardous to the ozone layer		Tonnes		0.97	0.000002
Nickel and compounds (as Ni)	Carcinogenicity	Category 1B	Tonnes		0.85	0.16
Lead and compounds (as Pb)	Reproductive toxicity	Category 1A	Tonnes		0.003	0.0017
Chromium and compounds (as Cr)	Carcinogenicity	Category 1A/1B	Tonnes		0.001	0.0008
Copper and compounds (as Cu)	Chronic hazard to the aquatic environment	Category 1	Tonnes		0.214	0.21083
Zinc and compounds (as Zn)	Chronic hazard to the aquatic environment	Category 1	Tonnes		4.8	4.7

E2-5

Substances of very high concern

1 January 2024 – 31 December 2024

Substance	Hazard class	Substance of very high concern – Criterium	Unit	Target	2024	2023
Nickel and compounds (as Ni)	Carcinogenicity	Carcinogenicity category (1A/1B)	Tonnes		0.85	0.16
Lead and compounds (as Pb)	Reproductive toxicity	Reproductive toxicity (Article 57c)	Tonnes		0.003	0.0017
Chromium and compounds (as Cr)	Carcinogenicity	Carcinogenicity	Tonnes		0.001	0.0008
Copper and compounds (as Cu)	Chronic hazard to the aquatic environment	PBT/vPvB	Tonnes		0.214	0.21083
Zinc and compounds (as Zn)	Chronic hazard to the aquatic environment	PBT/vPvB	Tonnes		4.8	4.7

ESRS MDR-T

Accounting policies

ESRS DR	Paragraph	Data point / Metric	Accounting policy (Methodology/Assumptions used)
E2-4 & E2-5	28, 29, 30, 31,	Pollution to air, water and soil	The reported figures for air pollution are limited in scope to our FOF segment and our biogas plant in the Faroe Islands. These measurements are mandated by the environmental licenses for these sites. Emissions from these sites are measured annually through random sampling inspections to ensure compliance with the permitted thresholds. The measured values serve as factors applied to annual emission estimates. Since the figures are based on random sampling inspections, annual comparisons may highly fluctuate due to variations in site activities and production at the time of measurement. The amounts of substances of concern and substances of very high concern are partially generated during the production of feed and in the production of biogas and partially embodied in the feed. The majority of the reported water pollutants originate from feces produced from the feed consumed by the salmon. The proportion digested by the salmon—and consequently, the portion not digested and released into the marine environment—has been determined through internal trials and scientific studies. Emissions are calculated by multiplying the total amount of feed used during the reporting year by the identified feed emission factors. The reported figures for Chlorine emissions only cover the Processing site in Glyvrar, Faroe Islands. The figures reported do currently not include emissions to water from freshwater facilities. Although the scope of our reported pollution-related figures is currently limited, particularly for air pollution, we have not conducted estimates to capture the full extent of emissions. Each Bakkafrost site has unique air and water emission characteristics, making it difficult to apply general factors meaningfully. Going forward, we will enhance our focus on collecting pollution-related data to improve reporting accuracy. Besides being validated by our external assurance provider, the figures have been measured and validated by an external provider.

E3 Water and Marine Resources

List of disclosure requirements		Page reference
E3 – Water and Marine Resources		
ESRS 2 SBM-3	Material impacts, risks, and opportunities in relation to water and marine resources	116
E3-1	Policies related to water and marine resources	119
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ESRS 2 SBM-3
MATERIAL IMPACTS, RISKS AND OPPORTUNITIES IN RELATION TO WATER AND MARINE RESOURCES

WATER AND MARINE RESOURCES – MATERIAL IMPACTS, RISKS AND OPPORTUNITIES				Location in value chain			Time horizon		
				Upstream	Own operation	Downstream	Short-term (0-2 years)	Medium-term (3-5 years)	Long-term (+6 years)
ESRS topical matter (AR 16)	**ESRS sub-sub-topic (AR 16)**	**IRO**	**Type**						
Marine resources	Extraction and use of marine resources	Sourcing of marine resources for feed production potentially leading to overfishing	Potential negative impact	•					•
Water	Water withdrawals	Freshwater withdrawals for the production of salmon	Actual negative impact		•		In the current reporting year		
Water	Water consumption	Freshwater consumption for growing crops	Potential negative impact	•					•
Water	Water withdrawals	Shortage in freshwater supply	Risk		•			•	
Marine resources	Extraction and use of marine resources	Innovate how to use other marine sources like mesopelagic species	Opportunity		•				•

ESRS 2 SBM-3

IMPACTS, RISKS AND OPPORTUNITIES RELATED TO WATER AND MARINE RESOURCES

The materiality assessment described in disclosure requirement IRO-1 identified the following material impacts related to water and marine resources.

There are currently none of the identified risks or opportunities that pose a significant risk of material adjustment to the carrying amounts of assets and liabilities reported in the financial statements in the next financial year.

- **Sourcing of marine resources for feed production potentially leading to overfishing - Potential negative impact**
  Bakkafrost's strategy is to maintain a high inclusion of marine raw materials in the salmon feed.
  Bakkafrost primarily produces fish meal, a key ingredient in Bakkafrost's salmon feed, from Blue Whiting and Atlantic Mackerel caught around the Faroe Islands and the broader Atlantic Ocean. However, this practice poses a potential negative impact, as overfishing or catching small fish can contribute to the depletion of fish stocks.
  The impact refers to the upstream value chain of Bakkafrost's Fishmeal, Oil and Feed division, Havsbrún, located in Fuglafjørður in the Faroe Islands. The reasonably expected time horizon for this impact to materialise is deemed to be long-term, which is 6 years or beyond.

  As this constitutes core Bakkafrost operations, this impact is linked to the company's business model, and the company is involved in the impact through its business relationships through transactional activities, particularly with the fishing fleet operators from which Bakkafrost purchases marine raw materials.

  Recognising that this impact might potentially have a substantial effect on the company should it materialise, Bakkafrost has adopted a versatile strategy regarding feed composition. This strategy allows Bakkafrost to quickly switch between different ingredient components in response to various situations, such as when fish stocks are being harvested at unsustainable levels or through irresponsible methods. Ongoing research and development into potential new feed compositions is conducted to mitigate this risk.

  Continuing to source raw materials that are not sustainably sourced could lead to consequences such as regulatory penalties, decreased market demand, or strained relationships with investors who prioritize sustainability. As a response to this potential impact, Bakkafrost focuses on sourcing marine raw materials that are certified according to responsible fisheries standards.

  The impact is partially covered by ESRS disclosure requirements. We report entity-specific metrics, specifically the percentage of marine material used in production that is certified as responsibly caught or part of an improver program, to provide insight into the scope of the sourcing of marine raw materials.

- **Freshwater withdrawals for the production of salmon - Actual negative impact**
  Bakkafrost raises salmon during the early stages of their lifecycle in land-based facilities. This method requires a substantial amount of freshwater, and the company acknowledges that this demand can adversely affect the availability of freshwater resources. As a result, freshwater scarcity may arise during drought periods, impacting both local wildlife and the livelihoods of surrounding communities.

  The impact of this issue derives directly from the company's activities and is observed within Bakkafrost's Freshwater segment. The sites are located in the Faroe Islands and in Scotland.
  This is an actual negative impact which occurs continuously. However, it does not happen in years without drought in the areas where the sites are located. Therefore, the impact varies from year to year.

  Bakkafrost acknowledges that its reliance on the availability of large volumes of freshwater may lead to environmental and social consequences. However, since the Faroe Islands and Scotland are recognised as areas with very low water stress where freshwater availability is rarely a problem, this has not affected the company's strategy. The current strategy includes constructing additional freshwater facilities in both the Faroe Islands and Scotland. Furthermore, identifying alternative and diverse sources of freshwater has been incorporated into new projects to address these concerns.

  The impact is covered by ESRS disclosure requirements.

- **Freshwater consumption for growing crops - Potential negative impact**
  Bakkafrost sources significant volumes of agricultural commodities essential for producing salmon feed. These include wheat, soy, and rapeseed. The demand for these crops may negatively impact freshwater availability in the local communities where they are grown, as these crops require a continuous water supply for cultivation. A reduction in freshwater availability in these communities, often located in countries considered 'industrial states,' could lead to poor hygiene and an increase in diseases, potentially resulting in a rise in fatalities.

  Bakkafrost is involved in this potential impact in the upstream value chain through its transactional business relationships. The impact is expected to occur on a long-term time horizon.

  While Bakkafrost does not directly control the agricultural supply chain, the company's demand for these commodities potentially contributes to the stress on water resources in agricultural regions, which can indirectly affect Bakkafrost's reputation and operational costs. Over time, Bakkafrost may face growing scrutiny for its indirect contribution to water depletion in these areas.

  The impact does not originate directly from Bakkafrost's strategy. While Bakkafrost's strategy involves sourcing these ingredients to support its feed production, the impact on freshwater availability in local communities where these are grown is a consequence of the external environmental demands of agricultural production. Thus, the impact is not intentionally caused by Bakkafrost's corporate strategy, which did not originally account for all indirect environmental impacts associated with sourcing these commodities.
  However, the company might adjust its strategy moving forward to mitigate these types of impact, and Bakkafrost has already implemented mitigation measures through the employment of the Procurement Policy which outlines Bakkafrost's commitment to sourcing certified commodities which is part of ensuring that these types of impacts are prevented.

  The impact is partially covered by the ESRS disclosure requirements. We plan to report entity-specific metrics to provide insights into the impact on freshwater availability in the regions where the crops are grown. Additionally, we have set a target to collect water-intensity data from our suppliers. However, due to limited internal resources, we have not yet collected the data, and thus, we opt for the option provided in *ESRS 1 10.2* to omit this data. We plan to collect supplier water-intensity data for the reporting year 2025 and onwards.

- **Shortage in freshwater supply - Risk**
  Bakkafrost's strategy aims to increase production in land-based freshwater facilities to mitigate the biological risks associated with raising salmon in marine environments. However, this approach makes the company more vulnerable to financial risks related to potential shortages in freshwater supplies, as these facilities require significant amounts of freshwater. Such shortages could result in a slowdown or complete halt in production, leading to a decrease in salmon output and, subsequently, a decline in financial revenue.

  The risk relates to the Bakkafrost Freshwater segment, which has sites located both in the Faroe Islands and Scotland.
  The financial effects of the risk are expected to potentially be within the medium-term time horizon, which is between 3 to 5 years.
  The dependency on large volumes of freshwater for land-based salmon farming represents a critical operational vulnerability.
  However, since the Faroe Islands and Scotland are recognised as areas with very low water stress where freshwater availability is rarely a problem, this has not affected the company's strategy. The current strategy includes constructing additional freshwater facilities in both the Faroe Islands and Scotland. Furthermore, identifying alternative and diverse freshwater sources has been incorporated into new projects to address these concerns.

  This risk has not had any financial effects on the business in the current reporting year.

  Bakkafrost has not yet analysed the anticipated financial effect of this risk and thus opts for the option to omit the information prescribed by ESRS 2 SBM-3 paragraph 48(e).

The risk is partially covered by ESRS disclosure requirements. To indicate the potential for the risk's materialisation, we report the water stress status of the countries where we operate.

- **Using alternative marine resources for feed production - Opportunity**
  Bakkafrost has identified the financial opportunity of sourcing alternative marine sources like mesopelagic species for inclusion in the production of salmon feed. Identifying new alternative marine resources can benefit Bakkafrost by reducing costs and potentially creating new revenue streams through external sales of fish meal from these alternative marine resources.

  The opportunity relates to Bakkafrost's Fishmeal, Oil and Feed (FOF) segment, which is located in the Faroe Islands.

  This opportunity has already influenced Bakkafrost's strategy and decision-making. The company has decided to actively participate in trials for catching and utilising mesopelagic marine raw materials and has allocated financial resources (CAPEX) to explore this opportunity. The size of the investment is such that it has not significantly impacted the company's financial position, performance, or cash flows.

  Bakkafrost recognises that the availability and acceptance of various raw materials for feed production can change quickly due to factors like reduced supply or increased scrutiny. To address this risk, the company has adopted a flexible strategy for feed composition and is investing in research and development to explore new raw material options.

  Bakkafrost has not yet analysed the anticipated financial effect of this opportunity and thus opts for the option to omit the information prescribed by ESRS 2 SBM-3 paragraph 48(e).

  The opportunity is partially covered by ESRS disclosure requirements through the reporting of policies, actions and targets. However, Bakkafrost will need to develop entity-specific metrics related to the opportunity. These have not been developed yet, and thus, no metrics related to this opportunity are reported for this year.

The resilience of Bakkafrost's business model to address impacts, risks and opportunities related to water and marine resources

Bakkafrost has not conducted a resilience analysis to evaluate its ability to manage the identified material impacts, risks and opportunities related to water and marine resources.

From an initial qualitative perspective, the company is fairly well-positioned to manage these topics. Bakkafrost's strong financial position means that it is highly agile in addressing impacts, risks, or opportunities that can occur on an ad hoc basis. The company's business model also supports high agility, particularly regarding potentially interchanging feed ingredients to respond to potential water-related issues associated with agricultural commodities.

By moving more production to on-land facilities, Bakkafrost may encounter potential issues with insufficient freshwater reservoirs during periods of drought. Managing this issue will require additional capital expenditures (CAPEX), but the company is expected to handle this without financial challenges. However, potential regulatory restrictions might arise during such processes, including the need to submit permits for construction.

There is a fair amount of uncertainty associated with the opportunity to use alternative marine resources for feed production, including the capital expenditure required for the projects to succeed. Bakkafrost closely monitors this and reviews its efforts continuously to ensure financial viability.

E3-1

Our Approach

Freshwater plays a vital role in Bakkafrost's business model. The company relies on vast amounts of high-quality freshwater in different parts of its direct operations, but it is especially important in producing high-quality and robust smolt (juvenile salmon).

Given our reliance on this essential resource, we recognise that effective freshwater management is crucial for our company. To address this, we have developed a freshwater policy. The objective of the policy is to establish guidelines for managing freshwater availability, quality, withdrawals, consumption, and discharges.

The policy outlines our approach to addressing impacts, risks, and opportunities as identified in our assessment framework and the Double Materiality Assessment, including freshwater withdrawals for the production of salmon, freshwater consumption in Bakkafrost's upstream value chain for growing crops, and the risk of shortage in freshwater supply.

Bakkafrost's Freshwater Policy stipulates the company's commitment to secure a high rate of freshwater recycling across its freshwater sites, control and prevent water pollution, conserve the freshwater ecosystems that the company is at risk of directly or indirectly affecting, and conduct water stewardship through action plans in alignment with the guidelines set out by the Alliance for Water Stewardship (AWS). Bakkafrost is committed to using the WRI Aqueduct Water Risk Atlas to guide its procurement of agricultural commodities, ensuring that sourcing practices do not contribute to water stress.

The Board of Directors holds overall responsibility for policy oversight, ensuring compliance with corporate governance principles and sustainability objectives.
The Chief Executive Officer (CEO) is responsible for implementing and managing this policy, overseeing its execution, and reporting to the Board on actual development related to this policy. The CEO also ensures that procurement and resource management practices align with Bakkafrost's sustainability commitments.

The policy covers Bakkafrost's direct operations and addresses freshwater management of the company's wider value chain, with a special focus on the sourcing of agri-commodities used to produce salmon feed.

The policy builds upon third-party standards and tools such as the Alliance for Water Stewardship (AWS) and the WRI Aqueduct Water Risk Atlas and stipulates the usage of WHO/UNICEF JMP global database of progress in household drinking water to monitor Water, Sanitation and Hygiene (WASH) compliance in the areas in which Bakkafrost operates.

Bakkafrost considered stakeholders such as investors, customers, and financial institutions when establishing the policy. Input from these stakeholders has been collected mainly via ratings, investor and financing meetings, and sales expos, and this has informed the process of creating the policy.

The policy is distributed to all internal stakeholders who are responsible for implementing it, and it is available to external stakeholders via the company's website.

Bakkafrost has focused on enhancing water monitoring over the past few years. We have installed water measurement devices at all of our newer freshwater facilities and operational sites. These devices continuously track water withdrawals, various quality parameters, and discharge volumes.

Additionally, we have established procedures to annually account for the proportion of commodities used in feed production that originate from regions classified as having medium-high or higher levels of water stress.
Furthermore, we will expand our monitoring efforts to include compliance and risk assessments, which will support our due diligence processes.

To support the monitoring of the implementation of this policy, Bakkafrost has established freshwater targets, including targets on the recirculation rate at our Freshwater facilities, which are our most demanding facilities.
Also, in Scotland, where freshwater is being taken from a natural source, we have abstraction licenses which set limits on the abstraction rate of water from these sources. It may differ from source to source but typically prevents us from abstracting more than 25% of the normally available water; the limit set is usually stronger than this.

These license conditions restrict us from using freshwater for operations over and above the volume required for the natural water system from which we are taking it from. These licenses reduce the impact of our operations on freshwater withdrawal, and the requirements necessitate ongoing monitoring.

The policy does not address product and service design in relation to water-related issues, nor does it express a commitment to reducing material water consumption in areas at risk of water scarcity. This is because Bakkafrost has determined that the company currently does not have any significant direct water consumption or contribute to substantial water use in its upstream value chain within these at-risk areas. Additionally, the policy does not include a statement indicating that water treatment is a step towards more sustainable water sourcing.

Marine resources

Bakkafrost uses marine resources in its upstream value chain to produce salmon feed. Marine resources typically account for around 50% of the feed ingredients used in feed production. Bakkafrost is committed to responsible sourcing of these resources, and the company's management approach is outlined in the Bakkafrost Feed Policy Statement. The policy relates to the potential negative impact of sourcing marine resources for feed production, which might cause the depletion of stocks. The policy does, however, not address opportunities to discover alternative marine resources for inclusion in feed production.

The policy addresses the use and sourcing of marine resources but does currently not include a formal objective. It includes Bakkafrost's commitment to sourcing all marine raw materials from fish species certified as sustainable according to standards such as MarinTrust IP, MSC, or similar standards. Additionally, the policy emphasises that these marine raw materials should preferably come from fish species with low food value and low market demand for human consumption.
We are also dedicated to using a high proportion of co-products, including trimmings and offcuts. These key procurement commitments help ensure minimal impact on marine resources that are viable for human consumption.

We are committed to ensuring the full traceability of marine raw materials and applying a zero-tolerance commitment to using species classified as Critically Endangered or Endangered in the IUCN Red List for feed production.

The policy is governed by the Board of Directors and the CEO, and the COO at Havsbrún. Bakkafrost's feed production facility is responsible for complying with the policy.

The policy applies to all our raw materials suppliers for feed production who must comply with the Bakkafrost Feed Policy Statement.

The Bakkafrost Feed Policy Statement is shared with relevant internal stakeholders at the feed production facility, and it is also accessible to external stakeholders through our website.
The policy is regarded as related to sustainable oceans and seas.
When creating the policy, Bakkafrost primarily considered input from investors, ESG ratings, and customers who continuously expressed their requirements through demands for various certifications.

E3-2

Actions

Bakkafrost currently addresses its material impacts, risks and opportunities related to water and marine resources through the following initiatives:

- **Investigating alternative marine resources**
  In 2023, Bakkafrost began a collaborative project with business partners to explore the use of mesopelagic organisms as a sustainable source of fishmeal. If successful, the project aims to reduce reliance on traditional fishmeal by utilizing these organisms. In 2024, the project continued but encountered significant challenges, leading to a halt. The current status is that the project is pending a decision on whether to continue. Thus, the time horizon for completion and the future OPEX and CAPEX required are currently also uncertain.

  This project addresses impacts related to Bakkafrost's FOF segment and its upstream value chain.

  In 2023, the project's total cost (CAPEX) was 4.5 million DKK, with Bakkafrost accounting for 1.5 million DKK of this expenditure. In 2024, Bakkafrost did not have any expenses related to the project.

In addition to the resources related to the initiative mentioned above, technical staff at the sites, including those focused on freshwater, continuously supervise and evaluate data related to freshwater withdrawals, consumption, and discharges. The expenses for these resources are included under the financial line item 'Salaries and Other Personnel Expenses,' as detailed in Note 2.4 of this report.

METRICS AND TARGETS

E3-3

Targets and Performance

Bakkafrost has set targets related to water and marine resources to support the implementation of the Bakkafrost Freshwater Use Policy and the Bakkafrost Feed Policy Statement. These include supporting the objectives to minimise water withdrawals and consumption through recycling and ensuring responsible sourcing of feed ingredients.

Bakkafrost has not engaged directly with stakeholders in setting targets but has used relevant sources such as ESG ratings as input.

Some of the targets relate to impacts, risks and opportunities related to areas at water risk, but they do not address improving water quality; instead, they address freshwater availability.

All water and marine resources-related targets presented have been established voluntarily.

Bakkafrost has set targets to:

- **Have an annual total water recirculation rate of >97% across Bakkafrost hatcheries**

  The target is rolling and absolute and covers Bakkafrost's Freshwater segment. It has no baseline value or base year and no end date.

  The target is not considered to be based on conclusive scientific evidence.

  The 2024 recirculation rate at Bakkafrost's hatcheries was 98.87%. Due to Bakkafrost's implementation of RAS (Recirculating Aquaculture Systems) and the inherent stability of such systems, the freshwater recirculation rate at Bakkafrost's hatcheries remains consistently stable year over year. Thus, the progress is in line with expectations.

  Progress is monitored through water meters fitted at the sites which collect data hourly.

- **Collect annual water-intensity data (measured as m3 per tonne) for key suppliers of agri-commodities used in producing salmon feed. Key suppliers are defined as those providing products that account for more than 15% of total raw materials purchased**

  To support the Freshwater Use Policy's commitment to managing water-related issues in the upstream value chain, Bakkafrost has established a target of collecting water-intensity data from key agri-commodity suppliers.

  The target is absolute as it states that Bakkafrost needs to collect water-intensity data from key suppliers of products accounting for more than 15% of total raw materials purchased for feed production. There is no time horizon assigned to the target. It applies to Bakkafrost's upstream value chain, specifically suppliers of agri-commodities for our FOF segment.

  The base year is 2024, and the baseline value is 0%.

  The target is not considered to be based on scientific evidence.

  As this new target was adopted recently, Bakkafrost has not yet collected any water-intensity data from suppliers and has opted for the option to use the phase-in allowance to collect value chain data.

- **Measure freshwater use/tonne of fish processed by 2026**

  To support the ambition set out in Bakkafrost's Freshwater Use Policy to ensure responsible freshwater use in our direct operations, Bakkafrost has set a target of capturing the data necessary to be able to measure freshwater use per tonne of fish processed.

  The target, which applies to Bakkafrost's entire direct operations, is absolute and should be achieved by 2026. No base year or baseline value has been established for the target.

  The target is not considered to be based on conclusive scientific evidence.

  In 2024, we worked on updating our Freshwater Use policy. Among the updates is the inclusion of a commitment to install flow meters at our sites, which will enable us to measure the freshwater use per tonne of fish.

- **Continue research and investigation of new sustainable sources for marine ingredients**

  Marine raw materials are an important ingredient in Bakkafrost's production of salmon feed. Although most of the marine resources that Bakkafrost uses are unviable for human consumption and thus already considered responsibly sourced and used, the company is committed to continuing research and investigation of new sustainable marine sources for producing high-quality fishmeal and fish oil to include in the salmon feed.

  This is an annual rolling target without a base year and baseline value, and no end-date. It applies to Bakkafrost's FOF segment (Fish meal, Oil and Feed).

  We consider this target related to the responsible management of marine resource impacts, risks, and opportunities. It is specifically related to potentially reducing the volumes of the species currently used for production.

  In 2024, Bakkafrost spent 2.6 million DKK researching new alternative marine resources.

E3-5

Financial effects from water and marine resources-related risks and opportunities

Bakkafrost has not yet completed the necessary analysis to accurately report the expected financial impacts of risks and opportunities related to water and marine resources. Therefore, we have chosen to use the phase-in allowance and will omit the financial effects from our report.

E3-4 & ENTITY-SPECIFIC

Water consumption

1 January 2024 – 31 December 2024

	Unit	Target	2024	2023
Total water consumption	m3		232,527	184,343
Total water consumption in areas at water risk, including areas of high-water stress	m3		0	0
Total water recycled and reused	m3		1,181,848,976	Not available
Total water recycled and reused at Bakkafrost hatcheries	%		98.87	99.1*
Water intensity	m3 per million EUR net revenue		237	188
Water withdrawals	m3		14,807,625	15,106,042
Water discharges	m3		14,580,946	14,397,312

*Only Faroese hatcheries included

ENTITY-SPECIFIC

Marine resources certified/part of improver programs

1 January 2024 – 31 December 2024

	Unit	Target	2024	2023
Share of marine raw materials used in production that are certified or part of improver programs	%		99.8	99.9

ENTITY-SPECIFIC

Water Stress

As per 31 December 2024

Water withdrawals in Bakkafrost's direct operations by water stress level according to WRI Aqueduct Water Risk Atlas (%)	**Unit**	**Target**	**2024**	**2023**
Low (<10%)	%		99.8	99.9
Low-medium (10-20%)	%		0.2	0.1
Medium-high (20-40%)	%		0	0
High (40-80%)	%		0	0
Extremely high (>80%)	%		0	0

ESRS 2 MDR-M & E3-4

Accounting policies

ESRS Disclosure Requirement	Paragraph	Data point / Metric	Accounting policy
E3-4	All	Water consumption	The reported water-related figures cover Bakkafrost's total water withdrawals, consumption, and discharge, covering all types of water. The data covers Bakkafrost's entire direct operations. Data gaps might occur, as some units may be using water that is neither measured nor billed. We are working on establishing monitoring across all operating units that use freshwater in operations. Where nothing else is stated, there were no changes in the collection or reporting of the data during the reporting year. No external body other than the assurance provider has provided validation for the following metrics.
E3-4	28a	Water consumption	Water consumption is calculated as the water withdrawal minus discharged water. Calculation was performed in the same way as previous year, but we have better data quality for some sites which has resulted in an increase in water consumption. As this is due to improved data collection, actual water consumption is assumed to remain at a similar level in 2023 as reported in 2024.
E3-4	28b	Water consumption in areas of high-water stress	To calculate this metric, the addresses of Bakkafrost's sites are plotted in the WRI Aqueduct Water Risk Atlas provided by the World Resource Institute (WRI). The assessment is based on the 'Water Stress' indicator under the 'Physical Risks Quantity' parameter. The latest assessment was performed in late 2024. In 2024, none of the sites performing direct activities for Bakkafrost were in areas with water stress above 40%, which ESRS defines as 'Areas of high-water stress'.
E3-4	28c	Total water recycled and reused	Water recycled and reused is defined as water used more than once in the production phase. The calculation of recycled water in percentage is based on the total water volume withdrawals divided by the total water used/kept at sites during the reporting period. Most water at hatcheries is held at the sites for many years, and the withdrawals/ingoing water during the reporting period can be described as 'topping off'.
E3-4	28e	Contextual information	The information has been collected using the following resources split by water withdrawal amounts: Direct measurement: 8% of the volumes Direct measurement + calculation: 92% of the volumes The calculations applied involves aggregating from daily average volumes to annual total volumes.
E3-4	29	Water intensity	The water intensity ratio is calculated as the water consumption (methodology described further above) divided by total net revenue. The figure for total net revenue (called 'Total operating revenues') can be found in Note 2.3 of the Management Report.
Entity-specific		Water withdrawals	Total water withdrawals includes all water intake directly from sources such as rivers, sea and lakes as well as water from municipalities, boreholes and other sources. 2023 figure has been restated as seawater sourced is now included, whereas the figure previously reported did not include seawater.
Entity-specific		Water discharges	Total water discharges is the total volume of wastewater discharged from Bakkafrost sites. This includes discharges directly to the ocean and fresh surface water as well as to third parties such as public/municipalities. The figure includes volumes regardless of treatment before discharge.

ESRS Disclosure Requirement	Paragraph	Data point / Metric	Accounting policy
Entity-specific		Share of sourced marine raw materials certified or part of improver programs	The figures reported are calculated as the percentage of the total marine raw material used in the reporting year for the production of fish meal and fish oil that are caught under a certification or an improver program. These certifications and improver programs include MSC, Marin Trust, Marin Trust Improver Program, and FIP NAPA. The only volumes not caught under a certification or improver program in 2024 are small volumes of Cod, Haddock and Saithe, which our FOF segment procures as silage and is derived from trimmings and offcuts. External bodies have assured the validity of the certifications and the improver programs.
Entity-specific		Water-stress (Water withdrawals in Bakkafrost's direct operations sorted by water stress level according to WRI Aqueduct Water Risk Atlas (%))	The reported figures indicate the percentage of water volumes withdrawn for our direct operations during the reporting year, categorised by water stress levels as outlined in the WRI Aqueduct Water Risk Atlas. We have selected this tool to assess water risks. This data includes all of Bakkafrost's direct operations.

E4 Biodiversity and Ecosystems

List of disclosure requirements		Page reference
E4 – Biodiversity and Ecosystems		
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model(s)	127
E4-1	Transition plan on biodiversity and ecosystems	132
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E4-3	Actions and resources related to biodiversity and ecosystems	133
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ESRS 2 SBM-3
MATERIAL IMPACTS, RISKS AND OPPORTUNITIES IN RELATION TO BIODIVERSITY AND ECOSYSTEMS

				Location in value chain			Time horizon		
BIODIVERSITY AND ECOSYSTEMS – MATERIAL IMPACTS, RISKS AND OPPORTUNITIES				Upstream	Own operation	Downstream	Short-term (0-2 years)	Medium-term (3-5 years)	Long-term (+6 years)
ESRS sub-topic (AR 16)	ESRS sub-sub topic (AR 16)	IRO	Type						
Impacts on the extent and condition of ecosystems	-	Impacts on ecosystems and the seabed beneath farming pens	Actual negative impact		•		Current reporting period		
Direct impact drivers of biodiversity loss	Land-use change, fresh water-use change and sea-use change	Impact on deforestation	Potential negative impact	•			•		
Impacts on the state of species	Species population size	Salmon escape incidents	Actual negative impact		•		Current reporting period		
Direct impact drivers of biodiversity loss	Invasive alien species	Sea lice affecting the surrounding marine ecosystems	Potential negative impact		•		•		
Direct impact drivers of biodiversity loss	Land-use change, fresh water-use change and sea-use change	Increased prices of soy	Risk	•				•	
Impacts on the extent and condition of ecosystems	-	Impaired license to operate due to public perception that salmon farming has a negative impact on the seabed	Risk		•			•	
Impacts on the extent and condition of ecosystems	-	Promote the benefits of Bakkafrost having a reduced environmental footprint because of the high levels of marine content in the feed	Opportunity			•		•	

ESRS SBM-3

IMPACTS, RISKS AND OPPORTUNITIES RELATED TO BIODIVERSITY AND ECOSYSTEMS

The materiality assessment described in disclosure requirement IRO-1 identified the following material impacts related to biodiversity and ecosystems.

- **Impacts on ecosystems and the seabed beneath farming pens - Actual negative impact**
  The emissions to the marine environment inherent to salmon farming negatively impact the seabed and surrounding ecosystems through pollution, impacting the broader marine ecosystem and seafloor species due to smothering and enriching with organic matter.

  This involves emissions to the marine environment from salmon faeces and feeding whereby uneaten feed and faeces which can end up on the sea floor benthos at or near our marine sites. These activities can cause pollution, impacting the broader marine ecosystem and sea floor species due to smothering and enriching with organic matter.

  The impact occurs at and near Bakkafrost's sites in the fjords of the Faroe Islands and the lochs of Scotland. The impact occurred in the reporting period in Bakkafrost's direct operations, particularly in the Farming segment of Bakkafrost's business model.

  The negative impact constitutes core Bakkafrost operations and originates from the company's strategy and business model.
  This impact has been identified as one of the most significant factors influencing Bakkafrost's strategy and decision-making. The impact not only negatively affects farming conditions but also poses a risk to the company's license to operate due to public opposition to the environmental consequences of salmon farming emissions. Bakkafrost has taken strategic measures in recent years to address this issue. For example, the company has moved its farming sites to locations with stronger currents, which helps to disperse organic matter more effectively. In some cases, we also extend the fallow time to allow the seabed to regenerate. Additionally, Bakkafrost has intensified its efforts to optimise feeding strategies, minimizing the amount of feed that reaches the seafloor. Advanced site cameras detect uneaten feed, and integrated software smartly adjusts feeding levels in real time to reduce waste.
  The impact can be seen as soil sealing, potentially affecting threatened species; however, samples taken throughout the year demonstrate that Bakkafrost's operations do not affect threatened species, and operations are generally compliant according to ASC benthic biodiversity metrics.

  The impact is partially covered by ESRS disclosure requirements through the reporting on policies, actions and targets. Bakkafrost reports the entity-specific metric of benthic impact to reflect the current status of the seabed beneath the pens.

- **Impact on deforestation – Potential negative impact**
  Bakkafrost has a potential negative impact on land-use change due to the inherent possibility of demand for soy, a key ingredient in salmon feed, potentially contributing to deforestation and/or land conversion. As forests are home to more than half of the world's terrestrial species, deforestation contributes to biodiversity loss and the potential extinction of species.

  The risk of contributing to deforestation mainly lies in the areas in which Bakkafrost sources soy, which in 2024 was Brazil. The impact pertains to Bakkafrost's FOF segment and lies in the upstream value chain, meaning that Bakkafrost is involved in the impact through its business relationships. Given that soy is a crucial component of salmon feed, this risk is closely tied to Bakkafrost's overall strategy.

  If no proactive measures are taken to mitigate contributions to deforestation, this impact is expected to manifest in the short term (0-2 years). The global demand for soy could lead agricultural companies to clear new land for crop production, resulting in increased deforestation risks.

  Addressing the risk of deforestation is a priority for Bakkafrost, as it is also a growing concern among investors and customers. In response, the company has made a strategic commitment to source only certified soy. However, this choice comes with higher costs, reflected in the premium Bakkafrost pays for certified commodities. Thus, the current effect of the impact is reflected in increased operational expenses.

  The anticipated effects of the potential will depend on the ongoing availability of certified soy. If availability decreases, it could lead to heightened concerns among customers and investors, potentially resulting in reduced access to capital and negative impacts on revenue streams.

  The impact is considered to potentially contribute to land degradation and can affect the status of threatened species.

  The impact is partially covered by ESRS disclosure requirements. Bakkafrost reports the entity-specific metric of the percentage of soy that was sourced during the reporting year that was certified against Proterra or other certifications that include deforestation and/or conversion requirements.

- **Salmon escape incidents – Actual negative impact**
  Bakkafrost can have a negative impact on the state of wild salmon stocks due to incidents in the company's Farming segment where farmed salmon escape from their pens, caused by storms, predator interactions (e.g. seals), or damaged equipment. These escapes can result in farmed salmon being vehicles for the transfer of biological vectors to wild populations. Additionally, if farmed salmon interbreed with wild salmon, they might weaken the wild population because hybrids are less adapted to the natural environment and have lower reproductive success. The effect that fish escapes could have on wild populations also include genetic introgression, increased competition, the reduction of disease resistance, behavioural change, and mortality and population decline.
  It is important to note that the Faroe Islands do not have a wild salmon population, and thus, the impacts described above only relate to Scottish operations.

  The protection of wild salmon populations and ecosystems is essential, but the risk of escape incidents still exists, and we have suffered fish escape incidents in the recent past, including in the reporting year.

  The impact of Bakkafrost's direct operations is primarily felt in the fjords of the Faroe Islands and the lochs in Scotland. However, as the Faroe Islands do not have a wild salmon population, the ecological impact is limited primarily to our operations in Scotland.

  This impact is linked to the company's strategy and business model, which occasionally faces scrutiny regarding its effects on local ecosystems. In response, Bakkafrost has adjusted its strategy by enhancing its farming equipment across all sites, including investments in more durable nets. Public awareness is expected to increase as investors and consumers become increasingly conscious of environmental impacts, and Bakkafrost might face additional investment needed to implement further mitigation actions in the coming years.

  The impact is partially covered by ESRS disclosure requirements. Bakkafrost reports the entity-specific metric of the number of incidents of salmon escapes and the number of salmon that escaped during the reporting year to ensure a full description of the impact.

- **Sea Lice affecting the surrounding marine ecosystems - Potential negative impact**
  Bakkafrost operations can have a potential negative impact on the marine ecosystems surrounding the company's farming pens, where the salmon is stocked/kept. Salmon attracts sea lice (Lepeophtheirus salmonis), a naturally occurring translucent ectoparasitic copepods that can affect both wild salmon and may also lead to implications for native marine life and ecosystems. The effects that fish sea lice could have on wild populations include the reduction of disease resistance, behavioural change, and mortality and population decline.

  We record sites located in or near biodiversity-sensitive areas to show areas of potential impact or dependency.

  The identified impact, which sits in the Farming segment of the business model and pertains to fjords in the Faroe Islands and lochs in Scotland, directly influences Bakkafrost's value chain and operational practices, as the health of marine ecosystems is critical to the sustainability and long-term viability of the company's aquaculture business. Anticipated effects include increased regulatory scrutiny, potential operational restrictions in sensitive marine areas, and heightened stakeholder expectations to minimise biodiversity impacts.

The impact originates from Bakkafrost's strategy and business model, as we have actively chosen to utilise the method of marine farming as opposed to land-based farming methods.

Sea lice impacts occurred in the reporting period. However, the impact is considered to be potential due to lack of information on how the occurrence affects surrounding marine ecosystems. Thus, the impact has been identified as occurring in the short-term time horizon.

Bakkafrost is involved with the material impacts through its direct activities particularly with respect to the marine environment in which we operate.

The impact is partially addressed by ESRS disclosure requirements through the reporting of policies, actions, and targets. Bakkafrost will provide an entity-specific metric showing the occurrence of sea lice at its sites during 2024.

- **Increased prices of soy – Risk**
  Soy is a key ingredient in Bakkafrost's salmon feed. The company faces risks associated with land degradation in the FOF segment's upstream value chain, particularly the potential for increased soy prices due to stricter regulations on deforestation and land use which is anticipated can potentially be introduced to address biodiversity loss in the regions where the commodity is produced.

  Beyond the risk of the government introducing an environmental tax on this commodity, these regulations can cause shortages or delays in the soy supply, leading to higher prices. Since soy is a key ingredient in salmon feed and makes up over 15% of our total feed composition thus, any price increase directly affects feed costs, which can reduce profit margins.

  Soy price risk can be related to biodiversity and ecosystems through conversion of land, or the destruction or alteration of land through weather events such as flooding, fires and droughts. Such events can cause the temporary or permanent disruption of supply chains which in turn presents a risk to soy prices.

  The current effects, including the current financial effects, of this risk relate to Bakkafrost's strategic decision to procure certified soy. While this approach incurs additional operational costs, it mitigates the risk of a sudden increase in soy prices due to potential regulations on non-certified soy.

  Determining the exact additional cost associated with the premium Bakkafrost pays for certified soy is challenging. This is due to the lack of a clear benchmark for comparison against the sourcing price. The current cost is influenced by negotiations with suppliers, and the final price is also impacted by the volumes procured, as higher volumes often result in discounts.

  These costs are reported under the line item "Operating expenses" for "Fishmeal, oil, and feed" in Note 2.3 of the Management Statement within this report.

  The risk is not considered to pose a significant risk of material adjustment to the carrying amounts of assets and liabilities reported in the financial statements in the next financial year.

  The anticipated financial impact of this risk has been quantified in our climate scenario analysis, where it was identified as one of the most significant environment-related financial risks. Although the analysis primarily focused on climate-related issues, it also accounted for the risk of regulatory changes addressing broader environmental concerns related to soy production, including biodiversity-related challenges.

  Soybean prices are foreseen to increase in all scenarios, with a small increase in the short term, a bigger increase in the medium term, and the highest increase in the long term. If these additional costs cannot be passed on to consumers, this will affect the company's revenues.

  Bakkafrost is committed to ongoing research and development of alternative feed compositions, recognising that future environmental considerations may necessitate changes in feed formulation. This, combined with the premium price that Bakkafrost pays for sourcing certified commodities represents the OpEx allocated to manage this risk.

  The risk is partially addressed by ESRS disclosure requirements. We have chosen to include the percentage of soy procured from certified sources as a key measure, based on the rationale that a higher percentage of certified soy strengthens mitigation against price shocks.

- **Impaired license to operate due to public perception that salmon farming has a negative impact on the seabed – Risk**
  Bakkafrost is exposed to the inherent risk of impaired license to operate due to the public perception that salmon farming has a negative impact on the seabed. This can potentially lead to legal restrictions on acquiring new farming sites and limitations on current sites which will mean decreased salmon output and thus decreased revenue.

  The risk pertains to the Farming segment of the business, located in the Faroe Islands and Scotland.

  The current effects on the company's business model, strategy and decision-making include making decisions on the location of the pens in the Faroe Islands based on the benthic impact performance during previous farming cycles. If benthic performance has been off track, we prioritise to relocate the site to a place with stronger currents.
  We also invest in continuous monitoring of the state of the benthic environment.

  We do currently not face any financial effects from this risk.

  The anticipated financial effects of this risk have not yet been modelled and quantified, and thus, we opt for the option to omit the information prescribed by ESRS 2 SBM-3 paragraph 48(e).

  The risk is partially covered by ESRS disclosure requirements through the reporting on policies, actions and targets. Bakkafrost reports the entity-specific metric of benthic impact to reflect the current status of the seabed beneath the pens.

- **Promote the benefits of Bakkafrost having a reduced environmental footprint because of the high levels of marine content in the feed – Opportunity**
  Bakkafrost has identified a medium-term opportunity to promote its reduced environmental footprint due to the high marine content in its feed, especially when compared to feeds derived mostly from agricultural commodities. This focus could potentially increase demand for Bakkafrost salmon among environmentally conscious consumers and heighten demand for feed from other salmon producers, ultimately boosting revenues.

  The opportunity pertains to Bakkafrost's downstream value chain, particularly to consumers and end-users who could choose Bakkafrost salmon due to its lower environmental impact than other salmon products.

  Marine proteins and fish oil are an essential part of our fish feed and account for approximately 50% of our total feed composition. In 2023, 51% of the fishmeal and 81% of the fish oil in our feed were derived from fish trimmings.

  Our water and land footprint would be increased if marine ingredients were replaced with plant material as there is no production of plant protein in the Faroe Islands, which would force the need to find alternative, more land and marine intense sources elsewhere.

  Bakkafrost has invested R&D resources into exploring the environmental impact of feed with high levels of marine content versus feed primarily based on agricultural commodities. The research showed that feed with high levels of marine content has less environmental impact than plant-based feed. These results have significantly impacted the decision to continue this practice and expand the feed facility to accommodate more marine raw materials than the current capacity allows.

  It is challenging to quantify both the current and anticipated financial impact of this opportunity, as it is difficult to directly associate specific revenues with the fact that our feed has a lower environmental impact compared to competitors. As a result, modelling how much this opportunity will contribute to the company's future revenues is also problematic. We will work on quantifying this opportunity moving forward; however, we choose to omit information regarding anticipated financial effects as specified by ESRS 2 SBM-3, paragraph 48(e).

  The opportunity is partially addressed by the ESRS disclosure requirements, which involve reporting on policies, actions,

and targets. Bakkafrost has not yet developed a metric to reflect this opportunity.

The resilience of Bakkafrost's business model to address impacts, risks and opportunities related to biodiversity and ecosystems

Bakkafrost has not yet conducted a formal resilience analysis of the organization's capabilities to address biodiversity-related impacts, risks, and opportunities. However, a qualitative assessment of the company's position highlights areas where additional attention may be needed in the future to further strengthen our management of these challenges.

As consumer and public awareness of the environmental impacts of salmon farming continues to grow, areas such as seabed preservation, salmon escapes, and sea lice management are expected to receive increased focus. Bakkafrost recognizes the importance of continuously adapting its marine operations to address these concerns effectively, ensuring alignment with stakeholder expectations and regulatory requirements.

Regulatory authorities have already incorporated benthic performance as a key parameter when evaluating permit renewals. Among the regulatory measures is the potential adjustment of stocking allowances, which could limit the number of fish permitted at farming sites if performance standards are not met. This would eventually lead to reduced salmon output, resulting in decreased revenues.

Bakkafrost has implemented adaptive management strategies to address potential future impacts on biodiversity and ecosystems. These strategies include investing in relocating farming pens (applicable to operations in the Faroe Islands), adopting new technologies, and transitioning more biomass to on-land facilities. By shortening the period during which salmon are farmed in the marine environment, these measures contribute to reducing benthic impacts, minimizing the effects of sea lice, and mitigating the risk of salmon escapes.

With a strong financial position, Bakkafrost is well-equipped to manage current risks related to the sourcing of soy by prioritizing certified soy through selective sourcing, even at a premium cost. Should future regulations lead to significant increases in the cost of soy, Bakkafrost's flexible feed strategy enables adjustments to ingredient composition as necessary. As the company continues to expand, with feed requirements projected to double, ongoing research and development efforts remain focused on identifying and utilizing alternative feed ingredients with lower environmental impacts.

While Bakkafrost acknowledges that increased demand for commodities could heighten exposure to potential taxes on these resources, proactive measures are being taken to strengthen resilience and support sustainable growth.

List of material sites in own operations with actual or potential impacts on biodiversity

Bakkafrost has identified sites in its own operations that are located in biodiversity-sensitive regions. The list of sites is presented below. All sites identified are marine farms in our Scottish operations, and they all have the potential to negatively affect biodiversity-sensitive areas, with none having an actual negative impact.

Sites In Protected Areas

Operating Unit Name	Business Segment	Special Areas of Conservation (SAC) (Natura 2000)	Special Protection Areas (SPA) (Natura 2000)	Ramsar	Marine Protected Areas (MPA)	Sites of Special Scientific Interest (SSSI)	MCA	Negatively affecting biodiversity-sensitive areas
Aird	Farming SCT	N/A	N/A	N/A	N/A	N/A	Loch Torridon	No
Ardcastle	Farming SCT	N/A	N/A	N/A	Upper Loch Fyne and Loch Goil	N/A	N/A	No
Druimyeon Bay	Farming SCT	N/A	Sound of Gigha	N/A	N/A	N/A	N/A	No
East Tarbert Bay	Farming SCT	N/A	Sound of Gigha	N/A	N/A	N/A	N/A	No
Eughlam	Farming SCT	N/A	N/A	N/A	N/A	N/A	Loch Roag	No
Furnace	Farming SCT	N/A	N/A	N/A	Upper Loch Fyne and Loch Goil	N/A	N/A	No
Gometra	Farming SCT	Inner Hebrides and the Minches	N/A	N/A	Sea of the Hebrides	N/A	N/A	No
Kyles Vuia	Farming SCT	N/A	N/A	N/A	N/A	N/A	Loch Roag	No
Lamlash	Farming SCT	N/A	N/A	N/A	South Arran	N/A	N/A	No
Portree	Farming SCT	Inner Hebrides and the Minches	N/A	N/A	N/A	N/A	N/A	No
Portree Outer	Farming SCT	Inner Hebrides and the Minches	N/A	N/A	N/A	N/A	N/A	No
Quarry Point	Farming SCT	N/A	N/A	N/A	Upper Loch Fyne and Loch Goil	N/A	N/A	No
Sgeir Dughall	Farming SCT	Inner Hebrides and the Minches	N/A	N/A	N/A	N/A	N/A	No
Taranaish	Farming SCT	N/A	N/A	N/A	N/A	N/A	Loch Roag	No
Vuia Mor	Farming SCT	N/A	N/A	N/A	N/A	N/A	Loch Roag	No
West Gigha	Farming SCT	N/A	Sound of Gigha	N/A	N/A	N/A	N/A	No
West Strome	Farming SCT	N/A	N/A	N/A	N/A	N/A	Loch Carron	No

E4-1

Transition plan on biodiversity and ecosystems

A TNFD-aligned scenario analysis was completed late in 2024 and is detailed in our separate TNFD Report, expected to be published in the first half of 2025, subject to board review. As the scenario work was finalised after the close of our 2024 ESRS reporting process, it is not reflected in this E4-1 disclosure.

The information reported in alignment with the TNFD framework is referenced below.

We are committed to the long-term goals for 2050 set by the Kunming-Montreal Global Biodiversity Framework and the 23 action-oriented global targets for urgent action over the decade to 2030.

Our TNFD report targets have been determined using the WWF BRF risk filter tool to align with the Post-2020 Global Biodiversity Framework of no net loss by 2030, net gain from 2030 and full recovery by 2050 and the relevant targets as part of the EU Biodiversity Strategy for 2030 concerning the EU Nature Restoration Plan and Enabling Transformative Change.

Bakkafrost has used the following methods to identify and assess material impacts, risks, and opportunities regarding Biodiversity and Ecosystems.

We commissioned and contributed to a double materiality assessment in January 2024 which identified material impacts, risks and opportunities related to biodiversity and ecosystems.

In 2024, we completed a TNFD report that included a LEAP and ENCORE assessment and utilised the WWF Biodiversity Risk Filter.

The TNFD report includes metrics and related tools used to measure progress. It aims to cover areas of significant impact and details the company's actions to address them.

The impacts relate to our direct operations and value chain and are described in the SBM-3 disclosure above. The Actions section further below provides how we are responding to these material impacts.

By considering impacts, risks, and opportunities, in particular, regarding biodiversity and ecosystems, our business can ensure that its strategy and future operations are aligned with a transition to greater sustainability. This also ensures greater resilience to future changes, such as, but not limited to, climate change.

Our TNFD report is routinely updated and amended to take into account business model and strategy changes regarding biodiversity and ecosystems. It includes a presentation of impact drivers and possible mitigation actions associated with biodiversity and ecosystem change. The TNFD report also includes metrics used to measure progress on how the targets are being achieved.

Biodiversity offsets are not part of the transition plan.

E4-2

Our approach

Bakkafrost is committed to maintaining the highest standards of biodiversity stewardship, and we aim to surpass established standards.

Implementing the Biodiversity policy is essential for us to succeed in our goals. The policy's overarching objective is to facilitate the achievement of the target to have a net-positive impact on the marine environment in which we farm and land environments from onshore farming operations in the Faroe Islands and Scotland by 2030.

We will ensure our operations are continuously covered by third-party certifications, ensuring adherence to our international biodiversity standards. This approach guarantees our customers products that reflect our commitment to biodiversity conservation and compliance with relevant environmental legislation.

Our Biodiversity policy applies to all aspects of our direct operations. Our farming operations take place in natural fjords and lochs, which are rich in wildlife making it essential that we adopt a proactive approach to preserving biodiversity and ecosystems. Protecting the environment surrounding our farms is important to us, as is preserving biodiversity beyond our immediate surroundings, including the regions where we source our feed ingredients.

The Board of Directors holds overall responsibility for policy oversight, ensuring compliance with corporate governance principles and sustainability objectives.

The Chief Executive Officer (CEO) is responsible for implementing and managing this policy, overseeing its execution, and reporting to the Board on actual development related to this policy. The CEO also ensures that procurement and resource management practices align with Bakkafrost's sustainability commitments.

Bakkafrost is committed to working toward the long-term goals for 2050 set by the Kunming-Montreal Global Biodiversity Framework and the relevant 23 action-oriented global targets for urgent action over the decade to 2030.

Bakkafrost fully acknowledges the significance of biodiversity for ecosystems' overall health and longevity. We place a heightened emphasis on those areas where our operations can directly impact biodiversity. Benthic fauna is a critical component in maintaining good ecological and biodiversity status in these areas.

By regularly assessing suppliers against our Bakkafrost Feed Policy and Freshwater Policy, we take a proactive approach to ensuring raw materials for fish feed are sourced responsibly and sustainably, focusing on minimising Bakkafrost's impact on land-use change.

Bakkafrost limits procurement from suppliers that cannot demonstrate that they are not contributing to significant damage to protected areas or key biodiversity areas only by sourcing deforestation-free soy and the Proterra or similar certification.

Bakkafrost's policy addresses the impact of its operations on wildlife and species population sizes. It is committed to minimising biodiversity impacts on the local environment at all stages of production. Additionally, Bakkafrost enforces a strict zero-tolerance policy for fish escapes to prevent any negative effects on wild salmon stocks.

We adhere to third-party standards, including the Aquaculture Stewardship Council (ASC), which imposes significantly stricter requirements if farming occurs in High Conservation Value Areas (HCVA). The ASC Feed Standard addresses the environmental impacts of feed production, focusing on responsible sourcing to prevent deforestation and habitat loss. Additionally, ASC standards protect wild populations' health and genetic integrity, promote responsible disease and pest management, and minimize negative effects on water resources. They also address land use, emphasizing the environmental impacts of feed production and the efficient use of resources.

The Biodiversity Policy commits to working on aligning with SDG 14, 15 and the UN Sustainable Ocean Principles. Bakkafrost is also working on setting SBTN-validated targets and employs the TNFD recommendations to meet the goals set by the Kunming-Montreal Global Biodiversity Framework.

Bakkafrost's feed policy states that Bakkafrost has traceability on feed resources and can disclose that none of the feed resources come from high-risk areas of deforestation. The policy also states that all plant oils and proteins not considered low-risk must be certified sustainable and not genetically modified. For example, soy products must be certified by Proterra or similar standards. Read more about the feed policy in the "Water and Marine Resources" section.

Bakkafrost has not conducted a scenario analysis to evaluate the physical and transition risks and opportunities related to biodiversity and ecosystems. As a result, these aspects are not addressed in the current Biodiversity Policy.

Bakkafrost conducts due diligence and monitoring processes to identify and manage impact risks promptly. This includes regularly monitoring and assessing the benthic environment and marine wildlife beneath the farming pens by collecting seabed samples, as well as sourcing raw materials exclusively from certified suppliers.

Some of Bakkafrost's sites in Scotland are located in or near biodiversity-sensitive areas, which are also covered by our Biodiversity Policy. The policy also includes commitments to sustainable ocean practices. However, it does not address the social consequences of biodiversity impacts.

E4-3

Actions

At Bakkafrost, we take a proactive and systematic approach to safeguarding biodiversity and ecosystems, aligning our actions with the mitigation hierarchy. This includes efforts to avoid, minimize, and reduce negative impacts, as well as to support restoration and rehabilitation where applicable. Our biodiversity initiatives are not one-time efforts but are systematically integrated into our operations and sustainability disclosures, ensuring alignment with multiple standards and best practices. Below are the key initiatives undertaken:

- **Benthic monitoring and seabed protection**

  To ensure the sustainability of marine ecosystems beneath our farming sites, Bakkafrost conducts regular environmental sampling and hydrographic modelling to monitor organic matter deposition and identify necessary corrective actions. For instance, in the Faroe Islands farming pens have been relocated to areas with stronger currents, facilitating natural dispersion and reducing environmental impacts. These efforts are central to our strategy to actively reduce and minimise seabed impacts while ensuring regulatory compliance.

  Our multifaceted monitoring approach provides a comprehensive understanding of benthic ecosystem conditions. This includes sampling benthic fauna to assess biodiversity, monitoring organic load and metal concentrations (e.g., copper and zinc), and water quality assessments for oxygen, salinity, and temperature levels. As required by the Aquaculture Stewardship Council (ASC) standards, all marine sites undergo inspections during peak biomass periods

  We have also eliminated the use of copper-treated nets (2018 in the Faroe Islands and 2020 in Scotland), leading to significantly reduced copper levels now categorized as low impact. Additionally, we implement fallow periods between production cycles, which exceed legal requirements and support seabed regeneration.

  Bakkafrost continues to invest in research and development to enhance environmental sustainability, including the use of eDNA analysis to deepen our understanding of marine ecosystems. Collaborative projects in Faroese fjords aim to establish baseline data and classification systems for marine biodiversity states unaffected by human activity.

  All benthic monitoring and protection activities are funded through the Quality, Environment, Safety, and Health (QESH) department's annual budget, with regulatory authorities as key stakeholders. By proactively managing seabed impacts, Bakkafrost contributes to improved benthic health, regulatory compliance, and the long-term sustainability of marine farming operations.

- **Protecting forests and biodiversity in our supply chain**

  Bakkafrost is committed to ensuring that our operations and value chain do not contribute to deforestation or land-use changes that harm biodiversity. As a key component of our salmon feed, soy presents a potential risk due to its association with deforestation in regions of production. To mitigate this, Bakkafrost has implemented a strict sustainable sourcing policy to ensure that all soy is sourced from deforestation-free supply chains.

  We exclusively procure soy certified under recognised sustainability standards, such as Proterra and Europe Soya, which include robust criteria for preventing deforestation and habitat conversion. Regular supplier audits and compliance checks are conducted to verify adherence to these certifications, ensuring that our feed production supports biodiversity conservation and aligns with our corporate sustainability goals.

  Bakkafrost acknowledges the financial impact of sourcing certified soy, which comes with a premium cost compared to non-certified alternatives. This premium reflects our dedication to biodiversity conservation and reinforces our commitment to ethical sourcing. However, we also recognise a potential financial risk: the global demand for soy, stricter deforestation regulations, or limited availability of certified soy could lead to further price increases and supply chain challenges.

  To mitigate these risks, Bakkafrost actively invests in research and development to explore alternative feed ingredients, such as marine-based proteins and other sustainable sources. These efforts aim to reduce our reliance on soy while maintaining the nutritional quality of our feed.
  In 2024, Bakkafrost spent around 120 mDKK in total on the procurement of certified soy, which is included under the financial line item 'Operating expenses' for 'Fishmeal, oil, and feed', as detailed in Note 2.3 of the Management Statement in this report. These expenses demonstrate our proactive approach to mitigating deforestation-related risks and maintaining sustainable sourcing practices. While we recognize that future market dynamics, such as increased demand and regulatory changes, could drive up costs further, we remain committed to supporting sustainable supply chains.

  By prioritizing deforestation-free sourcing and preparing for future challenges, Bakkafrost demonstrates its commitment to protecting ecosystems, ensuring supply chain sustainability, and maintaining financial stability. These actions align with the avoidance layer of the mitigation hierarchy and reflect our proactive approach to addressing biodiversity-related risks and opportunities.

- **Prevention of fish escapes**

  Bakkafrost prioritizes the prevention of fish escapes to protect wild salmon populations and surrounding ecosystems. While the Faroe Islands do not have wild salmon populations, mitigating escape risks remains a priority to ensure minimal ecological impact. In Scotland, where wild salmon populations are present, we have implemented a strict zero-tolerance policy for escapes. This includes significant investments in enhanced containment systems, such as reinforced nets, mooring upgrades, and continuous monitoring technology.

  These measures fall under the avoidance layer of the mitigation hierarchy, reflecting our proactive approach to mitigating risks associated with farmed fish escapes. In 2024, Bakkafrost allocated 190 mDKK toward cage infrastructure improvements, monitoring systems, and operational upgrades to ensure the security of farming operations. These costs are included under the financial line item 'Operating expenses' for Farming Operations, as outlined in Note 2.3 of the Management Statement in this report.

  In the event of an escape, regulatory authorities and other relevant stakeholders are immediately notified as part of our incident response protocol. By maintaining stringent controls and a commitment to continuous improvement, Bakkafrost reinforces its dedication to protecting biodiversity and supporting sustainable aquaculture practices

- **Sea lice management**

  Bakkafrost has achieved record-low sea lice levels by implementing innovative strategies focused on minimizing ecological impact. Our efforts include the deployment of dual-treatment farming service vessels equipped with advanced freshwater systems to treat sea lice without relying on chemical interventions. These actions are categorized under the minimization layer of the mitigation hierarchy and are integral to protecting both farmed salmon and surrounding marine ecosystems.

  The resources for this initiative are incorporated into operational budgets and supported by ongoing research and development efforts. In 2024, Bakkafrost allocated 204 million DKK to the operation, investments and maintenance of these vessels and other related sea lice management activities. The operational and maintenance costs are included under the financial line item 'Operating expenses' for Farming Operations, as detailed in Note 2.3 of the Management Statement in this report. Additional investments in non-chemical treatment systems represent a strategic commitment to sustainable aquaculture practices.

  Bakkafrost also reports sea lice metrics to regulatory authorities and aquaculture stakeholders as part of our transparency commitment. This ensures compliance with environmental regulations and provides a benchmark for assessing the effectiveness of our sea lice management strategies.

- **Biodiversity projects and collaboration**

  Bakkafrost is actively involved in restoration and rehabilitation efforts, as well as the monitoring of hydrozoa and plankton. These initiatives are driven by our Biodiversity Working Group in Scotland and the Healthy Living Fund in the Faroe Islands. These projects focus on enhancing local ecosystems, promoting biodiversity awareness, and fostering sustainable practices. Collaboration with schools, research institutions, and community organizations ensures the integration of local and indigenous knowledge with scientific expertise, creating holistic and impactful outcomes.
  In 2024, 2% of the Healthy Living Fund was allocated to environmental and biodiversity projects. This funding supported various initiatives, including habitat restoration, biodiversity monitoring, and educational outreach programs.

These efforts align with Bakkafrost's broader sustainability strategy and are detailed in our Healthy Living Fund Policy which can be found on our website.

Furthermore, biodiversity considerations are systematically integrated into planning conditions for new fish farm sites. This approach ensures compliance with regulatory requirements and reinforces our dedication to sustainable development and biodiversity conservation.

Our initiatives incorporate both local and indigenous knowledge alongside scientific expertise to create holistic outcomes. Furthermore, biodiversity offsetting is not currently employed as part of our strategy, but biodiversity forms a significant part of our sustainability disclosures, covering topics like deforestation, land use, and water efficiency.

- **Exploration of novel feed ingredients**
  To reduce dependency on traditional fishmeal and support sustainable feed production, Bakkafrost is actively exploring alternative marine raw materials, such as mesopelagic species. This research and development initiative aims to alleviate pressure on overharvested species while maintaining the nutritional quality of our salmon feed. These actions align with the reduction layer of the mitigation hierarchy.

  In 2024, Bakkafrost invested 2.6 million DKK in research and development related to alternative feed ingredients, including trials, equipment upgrades, and collaborative studies with external partners. These expenses are categorised under 'Research and Development' and are detailed in Note 2.6 of the Management Statement in this report. This investment underscores Bakkafrost's commitment to innovative solutions that balance ecological sustainability with operational excellence.

How We Reduced Sea Lice Levels

Reducing time at sea
- Increasing average weight of smolt, leading to shortened farming cycles in the marine environment

Increase the preventative period (for infection)
- Skirts
- Preventive in-feed treatments
- Location of sites – from sheltered to exposed sites
- Coordination of stocking of sites
- Higher stocking density during the first months

Reduce overall lice pressure
- Effective and timely treatments
- Low threshold treatments limits
- Site specific lice strategies

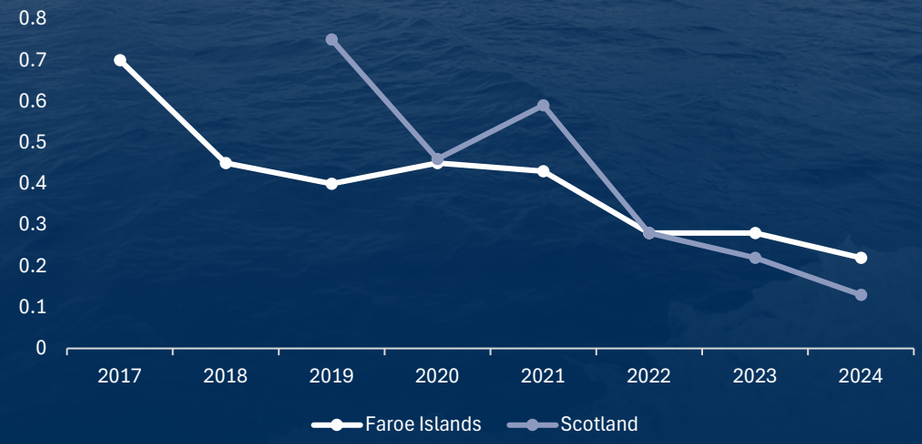
Modelling
- Site specific lice strategies relating to lice pressure, lice biology and in combination with exact planning of available treatment resources

SEA LICE COUNT

2024

0.22 Faroe Islands **0.13** Scotland

ANNUAL SEAL LICE COUNT



METRICS AND TARGETS

E4-4

Targets and Performance

Bakkafrost has set targets to address material biodiversity-related impacts, risks, and opportunities identified through its double materiality assessment. These targets aim to mitigate negative impacts, manage risks, and capitalise on opportunities across the value chain.

We have incorporated input from multiple stakeholder groups in setting the targets related to biodiversity and ecosystems. Regular engagement is conducted with customers, consumers, investors, authorities, and employees. Feedback is gathered through various channels, including surveys, ESG ratings, and ongoing dialogue. Additionally, some targets have been informed by the results of the Double Materiality Assessment conducted prior to the creation of this report.

This collected input serves as the foundation for establishing the targets, ensuring they reflect a broad range of perspectives and align with stakeholder expectations.

When working with biodiversity, we apply various frameworks that include ecological thresholds, including fauna indexes such as the Shannon-Wiener Index (Shannon Diversity Index), the Marine Biotic Index (AMBI), and the Faroese fauna index. Targets have been set using these ecological thresholds in the process.

Building on the engagement outlined above and our internal biodiversity-related work, we are confident that the targets are grounded on conclusive scientific evidence.

Bakkafrost is committed to working towards the biodiversity-related targets outlined in the Kunming-Montreal Global Biodiversity Framework. The established targets are informed by this framework, ensuring alignment with its principles and objectives.

Bakkafrost measures its progress on targets by tracking performance through various metrics calculated annually. We plan to increase the frequency of reporting progress towards the targets going forward.

Bakkafrost has not used biodiversity offsets in setting any of the following targets:

- **Zero fish escapes**

  Bakkafrost is committed to achieving zero fish escapes across in direct operations, located in all farming sites in the Faroe Islands and Scotland. This target supports the policy objectives by reflecting the company's zero-tolerance policy for escapes, recognizing the potential negative impacts on wild salmon populations.

  The target relates to the impact 'Salmon escape incidents'.

  The base year is 2016, with a baseline value of 0.

  This is a rolling and absolute target, and it is measured in the number of fish that escaped during the year, with progress monitored through continuous inspections and incident records. Any escapes are reported to regulatory authorities, and financial and operational resources are allocated to enhance containment measures.

  The target can be allocated to the 'avoidance' layer of the mitigation hierarchy.

  In 2024, Bakkafrost reported 3 incidents of fish escapes, 303 fish in total. This is a significant improvement compared to 2023 when there was 1 incident involving 251,344 escaped fish.

- **Sourcing deforestation-free soy**

  Bakkafrost is committed to sourcing 100% of its soy from certified suppliers under Proterra, Europe Soy, or similar standards to ensure zero deforestation and prevent land-use change.

  The target relates to the impact 'Impact on deforestation' and affects the regions in which Bakkafrost sources its soy commodities. The target can be allocated to the 'avoidance' layer of the mitigation hierarchy.

  The base year is 2016 with a base value of 100%.

  This absolute rolling target applies to the upstream value chain and ensures that all soy used in feed production meets stringent sustainability criteria. Compliance is verified through certifications provided by suppliers.

  In 2024, 100% of soy was sourced from certified suppliers, demonstrating Bakkafrost's commitment to sustainable sourcing. There are no changes in performance from last year on this metric.

  Progress toward this target will be continually monitored, with certifications and supplier data reviewed annually to ensure ongoing compliance.

E4-5

Impact metrics related to biodiversity and ecosystems change

Bakkafrost has mapped its sites located in or near (1km buffer) biodiversity-sensitive areas, and none are considered to negatively impact these areas. The sites identified within our direct operations that are situated in or near sensitive areas include some of our marine farming, freshwater, and processing sites in Scotland.

Most protected sites have designations related to mammal or bird species, with some related to woodland coastal and benthic habitats. All new sites are assessed as part of the planning process, which typically includes an EIA (Environmental Impact Assessment), which covers an assessment of risk to protected/biodiversity-sensitive areas. In addition, in 2024, 100% of these sites were categorised as having Low to Medium impact according to the SEPA score. This was also the case in 2023 and 2022. This score evaluates the effects on benthic ecosystems in and around the marine farming pens. Based on this assessment, Bakkafrost considers its operations to have no significant negative impact on biodiversity-sensitive areas.

E4-6

Anticipated financial effects from biodiversity and ecosystems-related risks and opportunities

Bakkafrost acknowledges the financial implications of biodiversity-related risks, including regulatory changes, rising soy prices, and potential operational restrictions. The company mitigates these risks through measures like sourcing certified materials and investing in research and development. However, financial effects have not yet been fully quantified, and Bakkafrost is using the phase-in allowance to omit this information for the current reporting period.

ENTITY-SPECIFIC

Biodiversity-related entity-specific measures

1 January 2024 – 31 December 2024

	Unit	Target	2024	2023
Benthic impact – Faroe Islands (using MOM-B methodology)				
Low/medium impact (no measures needed or taken)	%		82	97
High organic loading (measures taken to minimise impact	%		18	3
Benthic impact – Scotland (using SEPA methodology)				
Low/medium impact (no measures needed or taken)	%		100	100
High organic loading (measures taken to minimise impact)	%		0	0
Portion of soy sourced certified against Proterra or similar	**%**	**100**	**100**	**100**
Fish escape incidents (Number)	**Number**	**0**	**3**	**1**
Escaped fish (Number)	**Number**	**0**	**301**	**251,344**
Sea lice levels	**Number of mature female sea lice per fish – Weighted by harvest volumes**		**0.20**	**0.25**

ESRS 2 MDR-T
ACCOUNTING POLICIES

ESRS Disclosure Requirement	Paragraph	Target / Data point	Accounting policy
All		All	All metrics cover the reporting period 1 January 2024 – 31 December 2024. No external body other than the assurance provider has provided validation for the following metrics.
E4 SBM-3	16a	List of sites in protected areas	Aquaculture sites are operated in accordance with relevant permits, licenses, and the conditions specified within them. Site selection and stocking are conducted based on pre-approved hydrographic data and ongoing monitoring to ensure that benthic environments remain unaffected. There are eight designations concerning specific species, particularly porpoises, basking sharks, and diving birds. Effective farm management practices are implemented to prevent adverse effects on these species. Measures such as the use of appropriate top nets reduce the risk of bird entanglement, while controlled net tension and predator nets mitigate potential impacts on fish and porpoises. Wildlife observations, including the presence of dolphins and porpoises near sites, are systematically recorded in wildlife diaries. Additionally, most new sites undergo a full Environmental Impact Assessment (EIA) before application to identify and address potential environmental concerns at an early stage. While aquaculture activities have the potential to impact habitats, adherence to licensing requirements and the application of appropriate husbandry practices ensure that such effects are minimized.
Entity-specific		Benthic impact	Bakkafrost uses the Scottish Environment Protection Agency (SEPA) scoring system, which assesses sites based on their adherence to environmental regulations. The SEPA-scoring system evaluates the benthic on our sites as low, medium, or high impacted by our operations. There have been no changes related to this metric during the reporting year.
Entity-specific		Portion of soy sourced certified against Proterra or similar	The percentage of total soy purchased that has been Proterra or similar certified. There have been no changes related to this metric during the reporting year.
Entity-specific		Fish escape incidents	The total number of incidents of fish escapes in the reporting year. When there is an escape, the employees submit a final notification to the Fish Health Inspectorate on the form stating the incident, how many fish escaped and what caused it. There have been no changes related to this metric during the reporting year.
Entity-specific		Escaped fish (number)	The total number of escaped fish in the reporting year. When there is an escape, the employees submit a final notification to the Fish Health Inspectorate on the form stating the incident, how many fish escaped and what caused it. There have been no changes related to this metric during the reporting year.
Entity-specific		Sea lice levels	The calculation includes the average number of adult female lice per month in the reporting year (Lepeoptheirus salmonis), weighted by harvest volumes. This year, sea lice figures have been reported at the group level rather than by country. The 2023 figure has also been restated to reflect the group data. There have been no changes related to this metric during the reporting year.

E5 Resource Use and Circular Economy

List of disclosure requirements		Page reference
E5 – Resource Use and Circular Economy		
ESRS 2 SBM-3	Material impacts, risks, and opportunities in relation to resource use and circular economy	140
E5-1	Policies related to resource use and circular economy	143
E5-2	Actions and resources related to resource use and circular economy	143
E5-3	Targets related to resource use and circular economy	145
E5-4	Resource inflows	146
E5-5	Resource outflows	146
E5-6	Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities	145

ESRS SBM-3
MATERIAL IMPACTS, RISKS AND OPPORTUNITIES IN RELATION TO RESOURCE USE AND CIRCULAR ECONOMY

				Location in value chain			Time horizon		
RESOURCE USE AND CIRCULAR ECONOMY – MATERIAL IMPACTS, RISKS AND OPPORTUNITIES				Upstream	Own operation	Downstream	Short-term (1-3 years)	Medium-term (3-8 years)	Long-term (+8 years)
ESRS sub-topic (AR 16)	ESRS sub-sub topic (AR 16)	IRO	Type						
Resource inflows, including resource use	-	Sourcing of packaging materials	Actual negative impact	●			Current reporting period		
Resource inflows, including resource use	-	Sourcing of commodities for feed production	Actual negative impact	●			Current reporting period		
Resource outflows related to products and services	-	Recyclability of packaging material	Actual negative impact			●	Current reporting period		
Waste	-	Organic waste to biogas plant	Actual positive impact		●		Current reporting period		
Waste	-	Waste generated in operations	Actual negative impact		●		Current reporting period		

ESRS SBM-3

IMPACTS, RISKS AND OPPORTUNITIES RELATED TO RESOURCE USE AND CIRCULAR ECONOMY

The materiality assessment described in disclosure requirement IRO-1 identified the following material impacts related to Bakkafrost's resource use and circular economy.

- **Sourcing of packaging materials - Actual negative impact**
  As a food producer, Bakkafrost must carefully evaluate the packaging materials it uses, as these materials significantly influence product quality.

  The sourcing of packaging materials is a critical element of our supply chain. These materials ensure that our products are protected, preserved, and presented in a way that appeals to customers. The sourcing process involves selecting and procuring materials that meet specific requirements, such as durability, temperature control, cost-effectiveness, and compliance with regulatory standards.

  Bakkafrost is committed to consistently maintaining high product quality within tolerances specified by internal guidelines and/or by customer specifications. However, achieving this commitment has an environmental impact. Bakkafrost has identified plastic and Styrofoam as the most effective packaging materials for maintaining product quality during transportation. Unfortunately, these materials are derived from fossil fuels, and their extraction and production processes can contribute to habitat destruction through the potential conversion of land to use for oil refineries as well as resource depletion and contribution to climate change.

  While Bakkafrost recognises the negative environmental consequences, it has determined that using these materials is currently necessary to uphold product quality. The company continues to balance its commitment to quality with the need to mitigate environmental harm and continuously conducts rigorous tests of alternative packaging that both have a minimal environmental impact and maintain product quality.

  The impact, which Bakkafrost is linked to through its business relationships and which occurred during the current reporting period, pertains to the upstream value chain of Bakkafrost's Services segment and Sales & Other segment in the Faroe Islands and Scotland. Specifically, the impact related to using Styrofoam is connected to the upstream value chain of Bakkafrost's own production of Styrofoam boxes from Styrofoam pellets.

  As this constitutes core Bakkafrost operations, this impact is considered to originate from the company's strategy and business model.

  The identified impact influences Bakkafrost's strategy and decision-making. Consumers and investors demand sustainable solutions, so our strategy has been to allocate R&D resources to investigate more sustainable solutions.

  Bakkafrost has responded to this impact by experimenting with new packaging materials, such as monoplastics, to improve the reuse and recyclability rate. However, we have yet to find suitable alternatives that can effectively handle the moisture and water associated with the transportation of salmon.

  The impact is fully covered by ESRS disclosure requirements.

- **Sourcing of commodities for feed production - Actual negative impact**
  Being a salmon producer involves providing the right feed for the fish. At Bakkafrost, we manufacture our own feed. Over the years, Bakkafrost has invested significantly in research and development to determine the optimal composition of ingredients to create the best feed for our salmon. Thus, sourcing feed commodities is a crucial part of Bakkafrost's feed operations.

  The sourcing of feed commodities, and particularly the sourcing of agricultural commodities, has an actual negative impact on the natural environment, as the vast amounts required to produce feed, without any mitigation and preventative actions, are likely to contribute to soil degradation and erosion, water shortages, biodiversity loss, and disruption to fundamental ecosystem functions.
  The impact pertains to the upstream value chain of Bakkafrost's FOF segment. Bakkafrost is involved in this impact through its business relationships. It occurred in the current reporting year and is considered to originate from the company's strategy and business model.

  Bakkafrost has addressed this impact by adopting a selective sourcing approach, using certifications as the primary tool to ensure agricultural products are grown responsibly and with minimal environmental impact. This approach often leads to the company paying a premium price for these commodities. These efforts are complemented by initiatives to minimise feed demand as much as possible. This priority is reflected in Bakkafrost's goal to optimise its feed strategy and maintain an industry-leading feed conversion ratio (FCR).

  The impact is covered by ESRS disclosure requirements and further supported by reporting the feed conversion ratio metric, which reflects the feeding efficiency. A higher efficiency means reduced demand for commodities.

- **Recyclability of packaging material - Actual negative impact**
  Recyclability of the packaging used for packaging the salmon is a crucial consideration in today's environmentally conscious market. With the growing awareness of plastic pollution and its impact on e.g. marine wildlife, finding sustainable packaging solutions is essential.

  Bakkafrost has identified an actual negative impact on the natural environment because it distributes products wrapped in plastic packaging and shipped in Styrofoam boxes, and thus, Bakkafrost has not yet obtained full recyclability of its packaging material. This practice leads to increased resource usage due to linear principles in waste processes, where materials are used only once and disposed of after use.

  Bakkafrost currently distributes approximately 3,000 to 5,000 tonnes of packaging annually to the market. In 2024, the company shipped products to Europe, North America, and Asia (specifically China). Waste management practices vary significantly across these regions, so some volumes of Bakkafrost's packaging will likely end up in these regions' natural environments.

  The impact refers to the downstream value chain of Bakkafrost's Sales & Other segment in the Faroe Islands and Scotland. Bakkafrost is involved in the impact through a mix of business relationships and the company's direct activities, as Bakkafrost controls some of the packaging activities, e.g. the production of Styrofoam boxes.

  The impact occurred in the reporting year and is considered to be connected to the company's strategy and business model.

  Bakkafrost has addressed this impact by initiating various testing of alternative packaging materials to find a solution that is both recyclable and capable of handling the moisture that naturally comes from the salmon during transport. However, the company has not yet identified a suitable option that meets these criteria.
  Bakkafrost has established packaging-related targets to support the company's commitment to transitioning to packaging materials with higher recyclability rates.

  The impact is covered by ESRS disclosure requirements.

- **Organic waste to biogas plant – Actual positive impact**
  Bakkafrost owns FÖRKA, the only biogas plant in the Faroe Islands. This facility converts organic waste into renewable energy through anaerobic digestion. Materials such as animal manure, sludge, agricultural waste, and food scraps from hotels and hospitals are used at FÖRKA. Bakkafrost manages some of the organic waste generated in its operations by directing it to the biogas plant. This process is considered to have an actual positive impact on the natural environment, as the waste is kept within a circular loop. In addition, Bakkafrost's biogas facility also enables other Faroese companies to increase the share of waste that is diverted from disposal and kept in a circular loop. The biogas plant also produces fertiliser that contains the minerals necessary to create strong crop growth in the Faroe Islands. Thus, this impact is considered to have wider positive effects in the Faroese society.
  The impact, which occurred in the reporting year, refers to Bakkafrost's Services segment and arises from the company's direct operations.

  The current effect of the impact includes the continued optimisation of waste management processes for Bakkafrost and other Faroese companies.
  Bakkafrost has fully integrated the facility's operation into its sustainability strategy. The facility also presents potential opportunities, which Bakkafrost is actively exploring to maximise its efficiency and effectiveness in achieving sustainability objectives.

The impact is partially addressed by ESRS disclosure requirements. To provide a more comprehensive and holistic description of the impact, reflecting its broader effects, we have included an entity-specific metric that captures the biogas plant's inputs and outputs. This metric accounts for contributions and benefits associated with stakeholders beyond Bakkafrost.

- **Waste generated in operations - Actual negative impact**
  Bakkafrost's activities generate non-recyclable waste, which affects the natural environment, as failing to recycle materials contributes to the depletion of resources.
  Bakkafrost is among the largest commercial contributors to waste generation in the Faroe Islands, and the company also plays a role in waste generation in Scotland. Bakkafrost is still in the process of finding solutions for all generated waste and needs to make a significant financial investment in infrastructure and logistics to increase waste recycling efforts. Bakkafrost has not considered this material enough yet make these investments.

  The impact, which occurred in the reporting year, refers to Bakkafrost's direct operations in the Faroe Islands and Scotland. The negative impact results from the company's activities and business relationships.
  As this constitutes core Bakkafrost operations, this impact is linked to our business model.

  Bakkafrost has responded to the negative impacts of its operations by constructing a biogas plant which collects significant amounts of Bakkafrost's biological waste in the Faroe Islands. We are also conducting pilot projects to identify recyclable alternatives for packaging materials. Bakkafrost is still missing procedures and logistics for proper waste handling. To mitigate the negative impacts of its waste generation, Bakkafrost has established plans and targets for effective waste handling.

  The impact is covered by ESRS disclosure requirements.

The resilience of Bakkafrost's business model to address impacts, risks and opportunities related to resource use and circular economy
Bakkafrost has not conducted a resilience analysis to evaluate its ability to manage the identified material impacts, risks and opportunities related to resource use and circular economy.
From an initial qualitative perspective, the company is fairly well-positioned to manage these topics. Bakkafrost's strong financial position means it is highly agile in addressing impacts, risks, or opportunities that can occur on an ad hoc basis.

Bakkafrost explores alternative packaging materials that can handle the moisture from salmon. Today no such alternative material is available in the market. Financially, Bakkafrost is able to change its packaging to an alternative when the right packaging is available, though a change can result in OpEx related to installing new technical equipment suitable for potential new packaging.

Bakkafrost is actively researching alternatives to replace non-recyclable packaging with fully recyclable or renewable materials, aiming to achieve 100% recyclable packaging. In preparation for stricter packaging and waste regulations, the company is proactively adopting recyclable materials to ensure compliance and avoid potential penalties.

Our feed strategy is flexible, allowing us to change ingredients as needed. However, as we continue to grow, our feed requirements will double compared to what we use today. Supported by ongoing research and development, efforts are being made to discover and utilise alternative feed ingredients with a lower environmental impact. However, Bakkafrost acknowledges that the increased demand for commodities increases the company's exposure to potential taxes related to these commodities.

Bakkafrost has invested in a biogas facility designed to handle increasing volumes of organic waste through its direct operations and collaborative efforts. Ongoing investments in organic waste management, particularly in the biogas facility, FÖRKA, focus on scaling up biogas production capacity to support future growth and enhance resilience in managing organic waste challenges.

Bakkafrost can implement systems to manage waste generation by prioritising the recycling of all recyclable waste without incurring financial difficulties. However, waste that cannot currently be recycled is responsibly disposed of using appropriate methods.

IMPACT, RISK, AND OPPORTUNITY MANAGEMENT

E5-1

Our Approach

Resource use and circular economy are assessed as material topics for the business, and we are committed to resource action, allocating resources to implement these initiatives, and providing transparent reporting on our resource management performance.

Our Resource Use and Circular Economy policy outlines our overall approach to resource use, including our commitment to employing a sustainable approach to the use and management of natural and secondary resources.
The policy addresses the management of the most material impacts within our upstream and downstream value chain, as identified and assessed in our double materiality assessment. These impacts include the sourcing of packaging materials and feed commodities, the recyclability of our packaging, and the management of organic waste from our operations.

The Board of Directors holds overall responsibility for policy oversight, ensuring compliance with corporate governance principles and sustainability objectives.
The Chief Executive Officer (CEO) is responsible for implementing and managing this policy, overseeing its execution, and reporting to the Board on actual progress related to this policy. The CEO also ensures that procurement and resource management practices align with Bakkafrost's sustainability commitments.

The policy objective is to ensure a streamlined approach within Bakkafrost to managing resource use and circular economy-related impacts, risks, and opportunities by reducing the reliance on virgin materials, reusing or recycling all materials possible, and transitioning to the use of secondary resources.

Bakkafrost employs a sustainable approach to managing natural resources, optimising circular solutions, and sourcing materials that can be reused, repaired, and recycled. Procurement plays a key role in prevention at the initial stage of resource inflows.

Waste hierarchy

Bakkafrost follows the waste hierarchy to manage waste responsibly. We aim to avoid resource usage where possible, minimise material consumption, and prioritise using non-virgin materials.
Our policy encompasses prevention, reuse, recycling, recovery, and disposal.
We strive to minimise resource use by applying sustainable principles at the procurement stage, focusing on reducing reliance on virgin materials. This approach is particularly emphasised in the sourcing of packaging materials, including plastic and styrofoam.
Equipment will be regularly reused and repaired. Bakkafrost is dedicated to finding solutions that utilise recycled and recyclable materials. The policy outlines our ambition that the packaging must be entirely recyclable while maintaining the quality of our salmon. We also recycle organic waste from our operations, converting it into electricity through our biogas plant. Additionally, sludge and solid waste are processed through anaerobic digestion.
All waste disposal practices will adhere strictly to local and international regulations to ensure environmental compliance.

Sustainable sourcing

Bakkafrost is committed to sourcing sustainable materials. We ensure compliance through certifications and selective sourcing and continuously monitor risks with our suppliers and throughout the value chain.
All procurement activities must satisfy quality, profit, people, and the planet criteria. For more information, see our Resource Use and Circular Economy Policy.

Bakkafrost used input from external stakeholders provided via the double materiality assessment when creating the policy.
The policy is directly communicated to all relevant internal stakeholders, and it is available to all external stakeholders via our website.

E5-2

Actions

Bakkafrost has not yet adopted a formal action plan for resource use and circular economy-related issues. However, the company currently addresses its material impacts, risks and opportunities related to resource use and circular economy through the following initiatives:

- **Recyclable packaging materials (outflow-related)**
  Bakkafrost has experimented with different kinds of monoplastic packaging in the past few years to allow customers to recycle all our packaging. However, finding packaging that can handle the high amount of moisture/water in salmon without affecting the packaging quality has been difficult. Despite conducting extensive trials, Styrofoam remains unmatched in meeting these requirements effectively. This choice balances product quality and environmental considerations while Bakkafrost continues to research sustainable alternatives.
  Thus, no outcome can be reported for the initiative yet.
  However, we will continue to explore and trial solutions that will enable our customers to recycle all our packaging.

  The action relates to Bakkafrost's Service segment. As Bakkafrost continuously explores new solutions, the initiative has no set end date. There are no significant expenses associated with this action.

- **Sourcing of packaging materials (inflow-related)**
  Bakkafrost pursues sourcing packaging materials from sustainable sources within our upstream value chain and has commenced sourcing various types of packaging from non-virgin sources.
  This initiative is expected to decrease the usage rate of virgin materials and will be formally implemented through our upcoming supplier rating system. This will identify the best solutions for Bakkafrost and our customers.

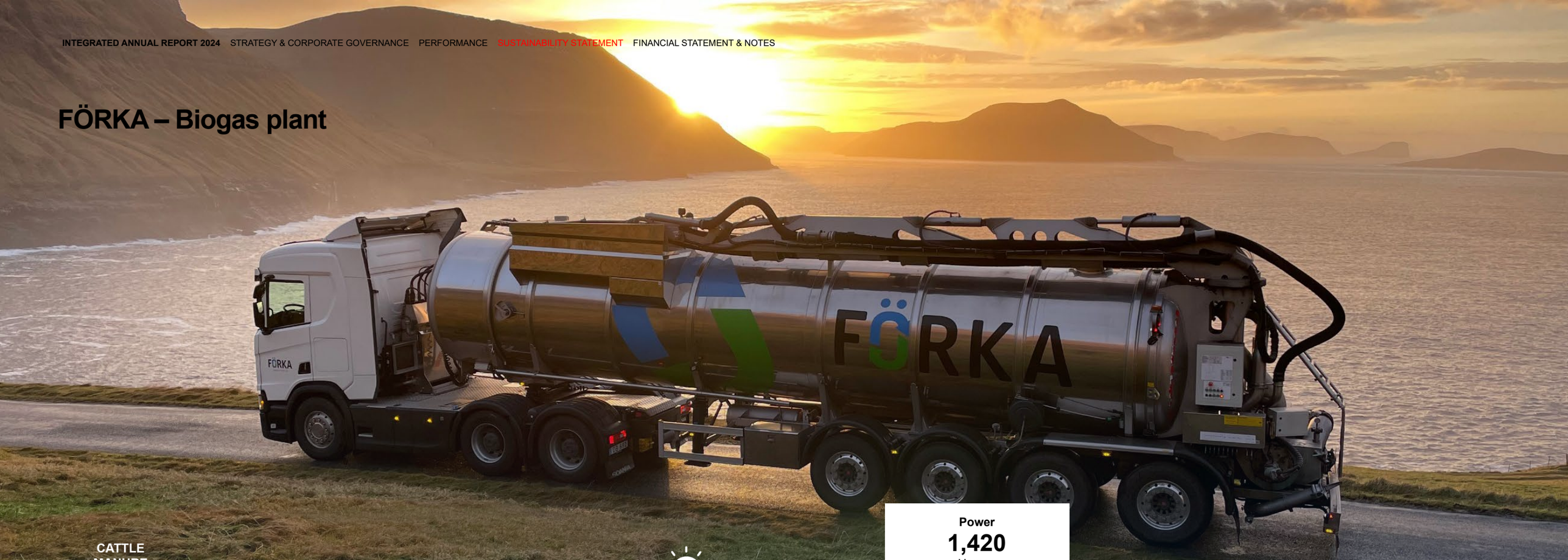
- **Gold, silver, and bronze supplier rating system**
  Bakkafrost's new supplier rating system will be launched in 2025. Suppliers are categorised as gold, silver, or bronze based on specific criteria that must be met to maintain their status. In the system, we will start by identifying and ranking key suppliers. Suppliers will also have opportunities to move up or down within the ranking system based on their performance against the established criteria. The ranking system includes criteria for sustainability, human rights, quality, and others. The criteria level will vary depending on the category in which suppliers are ranked.
  The ranking system applies to all units in Bakkafrost.
  This initiative will result in lower supply-chain-related GHG emissions and reduced impacts on various other environmental parameters.

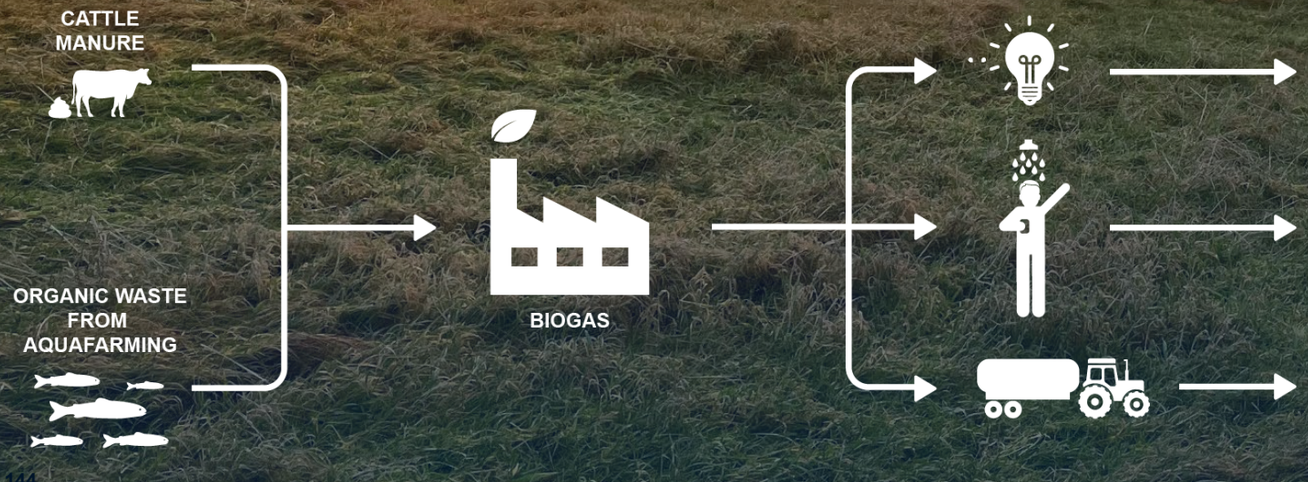
- **Management of biological waste**
  In the Farming segment in Scotland, Bakkafrost has launched initiatives to improve the management of biological waste. Ensiled mortalities at sites are now converted into silage, which is collected and transformed into biodiesel. The initiative will be rolled out through all marine shorebase sites in Scotland in 2025 to better manage our biological waste.
  As the initiative has only recently been implemented, no concrete outcome can currently be reported.

- **Certifications of feed commodities**
  Bakkafrost will continuously ensure certifications for feed commodities used in production. The certifications ensure that Bakkafrost does not contribute to harmful environmental and social impacts through its sourcing of commodities, including avoiding contributing to deforestation and human rights impacts.
  Bakkafrost aims to enhance its commitment by ensuring that all sourced commodities are free from conversion, thus preventing any potential land degradation. The action relates to Bakkafrost's FOF segment.
  Determining the exact additional cost associated with the premium Bakkafrost pays for certified soy is challenging. This is due to the lack of a clear benchmark for comparison against the sourcing price. The current cost is influenced by negotiations with suppliers, and the final price is also impacted by the volumes procured, as higher volumes often result in discounts.

- **Feed conversion ratio (FCR)**
  Bakkafrost aims to maintain a low feed conversion ratio through our feed development strategy. A low feed conversion ratio indicates efficient use of feed resources, including sourced agricultural and marine commodities. Many years of research into feed strategy and feed compositions, together with improved farming management, have been pivotal in improving production performance with enhanced growth and optimal feeding (reduced feed conversion ratio).
  This continuous action relates to the Freshwater, Farming and FOF segments, both focusing on the optimal feed ingredient composition and the best available technology and methodology for feeding and monitoring to ensure efficient feeding.

FÖRKA – Biogas plant





Power
1,420
Homes
(807)

District Heating
349
Homes
(196)

Liquid Fertiliser
31,675
Tonnes
(31,498)

In 2024, FÖRKA delivered 31,675 tonnes of high-quality fertiliser for Faroese agriculture and delivered 4,036 MWh to the Faroese electricity grid 7,099 MWh and 5,237 MWh of district heating.

(Figures in parenthesis refer to 2023)

METRICS AND TARGETS

E5-3

Targets and Performance

Bakkafrost's Resource Use and Circular Economy Policy includes the following targets.

Bakkafrost has not engaged directly with stakeholders in setting the targets but has used relevant sources such as ESG ratings as input.
The targets are not based on conclusive scientific evidence.

Bakkafrost measures its progress on targets by tracking performance through various metrics calculated annually. We plan to increase the frequency of reporting progress towards the targets going forward.

Targets:

- **By 2030, Bakkafrost is committed to ensuring that a least 70% of the packaging used for its market products is recyclable, based on weight (Resource inflows)**
  Bakkafrost has established this relative target to support its policy objectives, ensuring a streamlined approach to managing the objective of reusing or recycling all materials possible.

  To support the commitment to managing resource use and circular economy issues in the upstream value chain, Bakkafrost has established a target of ensuring that at least 70% of our packaging is recyclable by 2030. The target is relative and measured in tonnes and percentages.

  This target is aligned with the EU Packaging Directive 2030. Bakkafrost is committed to promoting reuse, recycling and other forms of packaging waste recovery instead of its final disposal.
  This target relates to the recycling layer of the waste hierarchy/increase of circular product design.

  The base year of the target is 2024, and the baseline value is 30%
  It applies to Bakkafrost's Services segment, which includes packaging operations.

  In 2024, 1,221.77 tonnes of secondary reused or recycled components were used for packaging of the salmon, compared to 648.59 tonnes in 2023.

  The target is monitored through our ERP system, which captures the volumes and types of packaging purchased. While we do not have actual usage data to measure progress against the target, we consider the purchase data to be a close reflection of actual usage since material is purchased on an ongoing basis.

- **By 2030, ensure 100% of Bakkafrost packaging is reusable or recyclable in an economically viable manner (Resource outflows)**
  Bakkafrost has established this absolute target to support its policy objectives, ensuring a streamlined approach to managing the objective of reusing or recycling all materials possible

  To support the commitment to managing resource use and circular economy issues in the downstream value chain, Bakkafrost has established a target of ensuring that all our packaging is reusable or recyclable in an economically viable way after use by 2030. The target is absolute and measured in percentages.

  This target is also aligned with the EU Packaging Directive 2030. Bakkafrost is committed to promoting reuse, recycling and other forms of packaging waste recovery instead of its final disposal. This target relates to the recycling layer of the waste hierarchy/increase of circular product design.

  The base year of the target is 2024, and the baseline value is 86%.
  It applies to Bakkafrost's Services segment, which includes packaging operations.

  Bakkafrost packaging contained 3,550 tonnes of recyclable content in 2023, compared to 3,044 tonnes in 2024. This corresponds to 86% in 2024 and 84% in 2023.
  The total weight of Bakkafrost packaging materials in 2024 was 4,130 tonnes, compared to 3,638 tonnes in 2023.

- **By 2030, reduce the use of virgin materials in packaging by 50% (Resource inflows)**
  Bakkafrost has established this relative target to support its policy objectives, ensuring a streamlined approach to transitioning toward the use of secondary resources.
  This target relates to the recycling layer of the waste hierarchy, and specifically relates to the minimisation of primary raw material.

  This target is aligned with the EU Packaging Directive 2030.

  The target's base year is 2024, and the baseline value for non-virgin materials in packaging is 70%. The target is set to be achieved by 2030.
  It applies to Bakkafrost's Services segment, which includes packaging operations.

  In 2024, 30% of Bakkafrost's inflow packaging materials were made from non-virgin materials, compared to 18% in 2023.

  Similar to the previous packaging target above, we use purchase data from our ERP system to record volumes and types and measure progress against this target.

- **Group FCR below 1.083 weighted average**
  The biological feed conversion factor ratio (bFCR) explains how efficiently feed is converted into biomass – in other words, how much feed is used to produce 1 kg of salmon biomass. The lower the FCR, the more efficiently the salmon convert feed into protein, and thus, efficient feeding can result in decreased demand for feed commodities, i.e. resource use.
  This target is aligned with Bakkafrost's commitment to responsible sourcing of feed commodities.
  To uphold its commitment to managing resource use and circular economy issues in the upstream value chain, Bakkafrost has set an absolute target of maintaining a weighted average FCR below 1.083, which is the baseline value set in 2023. The target is to be achieved by 2026.
  It applies to Bakkafrost's FOF, Farming and Freshwater segments.
  This target relates to the prevention layer of the waste hierarchy, and specifically this relates to minimisation of primary raw material.

  The target is monitored through meters fitted at the marine sites measuring both volumes of feed used as well as measuring the salmon biomass.
  In 2024, the Group FCR was 1.14.

E5-6

Financial effects from resource use and circular economy-related risks and opportunities

Bakkafrost has not yet completed the necessary analysis to accurately report the expected financial impacts of risks and opportunities related to resource use and circular economy. Therefore, we have chosen to use the phase-in allowance and will omit the financial effects from our report.

Resource use

1 January 2024 – 31 December 2024

	Unit	Target	2024	2023
E5-4				
Resource inflows				
Total weight of products and technical and biological materials used during the reporting period	Tonnes		463,941	-
Biological materials (and biofuels for non-energy purposes) used to manufacture the undertaking's products and services (including packaging) that is sustainably sourced, with the information on the certification scheme used and on the application of the cascading principle.	%		14	28
Biological materials (and biofuels for non-energy purposes) used to manufacture the undertaking's products and services (including packaging) that is sustainably sourced, with the information on the certification scheme used and on the application of the cascading principle.	Tonnes		580	1,002,44
Weight of secondary reused or recycled components, secondary intermediary products, and secondary used to manufacture the undertaking's products and services (including packaging)	%		30	18
Weight of secondary reused or recycled components, secondary intermediary products, and secondary used to manufacture the undertaking's products and services (including packaging)	Tonnes		1,222	648,59
E5-5				
Resource outflow				
Volumes of recyclable content in products and their packaging	Tonnes		3,550	3,044
The rates of recyclable content in products and their packaging	%		86	84
Total weight of packaging materials	Tonnes		4,130	3,638

1 January 2024 – 31 December 2024

	Unit	Target	2024	2023
Waste				
Total waste generated	**Tonnes**		**19,732**	**25,002**
Diverted from disposal	**Tonnes**		**15,938**	**18,031**
Hazardous waste diverted from disposal	Tonnes		292	329
Preparation for reuse	Tonnes		0	0
Recycling	Tonnes		292	329
Other recovery	Tonnes		0	0
Non-hazardous waste diverted from disposal	**Tonnes**		**15,646**	**17,702**
Preparation for reuse	Tonnes		162	2,519
Recycling	Tonnes		1,036	1,502
Other recovery (including waste to biogas plants)	Tonnes		14,448	13,681
Diverted to disposal	**Tonnes**		**3,793**	**7,219**
Hazardous waste diverted to disposal	Tonnes		6	1
Incineration	Tonnes		1	1
Landfill	Tonnes		5	0
Other disposal methods	Tonnes		0	0
Non-hazardous waste diverted to disposal	**Tonnes**		**3,787**	**7,218**
Incineration	Tonnes		2,049	3,049
Landfill	Tonnes		1,737	4,169
Other disposal methods	Tonnes		0	0
The total amount and percentage of non-recycled waste	**Tonnes**		**3,793**	**7,219**

Entity-specific measures

1 January 2024 – 31 December 2024

	Unit	Target	2024	2023
Biological Feed conversion ratio	**Ratio**			
Faroe Islands	Ratio		1.11	1.096
Scotland	Ratio		1.21	1.18
Contributions (substance input) by external stakeholders to FÖRKA Reflecting positive impact through waste management for external stakeholders, converting external waste into electricity, district heating, and high-quality fertiliser	**Tonnes**		**24,210**	**20,628**
Manure	Tonnes		21,702	18,503
Ensilage	Tonnes		2,227	1,455
Vegetable	Tonnes		22	32
Other	Tonnes		259	638

ESRS 2 MDR-M

Accounting policies

ESRS DR	Paragraph	Data point / Metric	Accounting policy
All		All	All metrics cover the reporting period 1 January 2024 – 31 December 2024. No external body other than the assurance provider has provided validation for the following metrics.
E5-4	31 a	Total weight of products and technical and biological materials used	Accurately determining the exact weight of all products purchased by Bakkafrost is challenging and not possible at this point. We have taken the approach to align our weight calculations with the Scope 3 assessment of purchased goods. This figure includes key categories such as feed raw materials, roe, smolt, fresh salmon, packaging materials, clothing, and other purchased fish.
E5-4	31 b	Biological Materials used to manufacture products and services	This metric represents the total tonnage of FSC-certified paper purchased by Bakkafrost, specifically for its operations in the Faroe Islands and Scotland. The percentage indicates the proportion of FSC-certified packaging and other materials relative to the total material weight. It is calculated by dividing the tonnes of purchased FSC-certified paper by the total weight of all materials used. There have been no changes related to this metric during the reporting year.
E5-4	31 c	Secondary reused or recycled components used to manufacture products and services	This metric represents the total tonnage of packaging materials used for our salmon that contain non-virgin materials. The percentage indicates the proportion of secondary or recycled materials relative to the total weight of packaging materials used in our products and services. This data applies exclusively to Bakkafrost operations in the Faroe Islands and Scotland. There have been no changes related to this metric during the reporting year.
E5-5	36 c	Volume and rate of recyclable content in products and packaging	The rate is calculated as the proportion of recycled content in our packaging relative to the total weight of packaging materials. The volume represents the same measurement in tonnes. This data applies exclusively to Bakkafrost operations in the Faroe Islands and Scotland. There have been no changes related to this metric during the reporting year.
Entity-specific		Weight of packaging materials	The total weight of packaging materials Bakkafrost puts on the market, measured in tonnes, for both the Faroe Islands and Scotland. There have been no changes related to this metric during the reporting year.
E5-5	37, 38, 39 & 40	Waste	Waste is reported as the total sum of all waste generated in Bakkafrost's direct operations during the year. The data is further disaggregated into 'Hazardous' and 'Non-hazardous' waste and further broken down by waste type. In certain cases, judgment has been applied to determine the appropriate categorisation of specific waste types. The waste reported is based on actual numbers collected via invoices and operational software solutions. However, conversions have partially been used to convert data captured in cubic meters to tonnes. We have assessed all materials sent to biogas facilities, including all biological waste from salmon production, as falling under the category 'Diverted from disposal', 'Non-hazardous', 'Other recovery'. Food waste generated in our direct operations is diverted to biogas plants. Bakkafrost USA and Bakkafrost France are not included in the data reported due to lack of data. There have been no changes related to this metric during the reporting year.
Entity-specific		Biological Feed Conversion Ratio	The biological feed conversion factor measures the effectiveness of feeding. The factor is calculated as Feed used / (harvested biomass + Mortality + estimated unexplained loss)— biomass released. There have been no changes related to this metric during the reporting year.
Entity-specific		Contributions by external stakeholders to FÖRKA	Input volumes (tonnes of waste) and who supplied the amounts are captured in our biogas' standalone software system where records are input on a daily basis. External stakeholders are defined as all suppliers of waste excluding all suppliers who can legally be identified as a Bakkafrost subsidiary.

Social Information

In this section

S1 Own Workforce

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ESRS 2 SBM-3
MATERIAL IMPACTS, RISKS AND OPPORTUNITIES IN RELATION TO OWN WORKFORCE

OWN WORKFORCE – MATERIAL IMPACTS, RISKS AND OPPORTUNITIES				Location in value chain			Time horizon		
				Upstream	Own operation	Downstream	Short-term (0-2 years)	Medium-term (3-5 years)	Long-term (+6 years)
ESRS sub-topic (AR 16)	ESRS sub-sub-topic (AR 16)	Impact/Risk/Opportunity (IRO)	Type	N/A as the IRO relates to own workforce		N/A as the IRO relates to own workforce			
Working conditions	Health and Safety	Work-related accidents	Actual negative impact		•		In the current reporting period		
Equal treatment and opportunities for all	Diversity	Male-dominated workforce	Actual negative impact		•		In the current reporting period		
Equal treatment and opportunities for all	Training and skills development	Key driver in establishing vocational education for marine/salmon farmers in the Faroes	Actual positive impact		•		In the current reporting period		
Equal treatment and opportunities for all	The employment and inclusion of persons with disabilities	Bakkafrost works actively to include persons with disabilities	Actual positive impact		•		In the current reporting period		

ESRS 2 SBM-3

IMPACTS, RISKS AND OPPORTUNITIES RELATED TO OWN WORKFORCE

The materiality assessment described in ESRS 2 IRO-1 identified the following material impacts related to employees in Bakkafrost's own workforce.

All materially affected members of Bakkafrost's workforce are included in the scope of the disclosure, and all impacts are covered by ESRS disclosure requirements.

The types of employees materially impacted are specified in the descriptions below.

Bakkafrost does not engage any non-employees, and thus, disclosures related to these have been omitted.

Also, Bakkafrost has not identified any operations at risk of child or forced labour, and thus, these disclosures have been omitted.

- **Work-related accidents – Actual negative impact**
  Operating in the industry of salmon farming, workers at Bakkafrost are inherently exposed to actual impacts of physical harm from incidents. The potential incidents arise from various circumstances, including but not limited to operating heavy machinery, risks of leakages of hazardous gasses, operating in rough and potentially dangerous weather conditions and various other operations.

  The impact occurs across all Bakkafrost operations and in all countries of operations, including the Faroe Islands, Scotland, Denmark, USA and France. The inherent risk of incidents applies to employees directly engaged by Bakkafrost, and it covers employees on both hourly and fixed salaries.

  These incidents can lead to negative outcomes for those directly and indirectly affected, for example causing loss of earning power for families and reduced well-being for co-workers of the affected persons.

  This actual negative impact occurs in the company's activities across all time horizons, including in the current reporting period, and are considered individual incidents. As these constitute core Bakkafrost operations, this impact is linked to our business model.

  These incidents influence the company's strategy and business model by emphasising the need for enhanced workplace safety measures and a culture of safety. Bakkafrost prevents incidents by implementing its health and safety policy and procedures. Progress made in implementing the policy is measured using the health and safety metrics found in this report.

  Health and safety metrics are regularly reported to the Group Management and the Board to monitor progress, ensure mitigating action is taken to reduce impacts as much as possible and inform strategic decision-making.

  The impact is covered by ESRS disclosure requirements. However, we have added some entity-specific health and safety metrics, including the annual average absence rate.

- **Male-dominated workforce – Actual negative impact**
  Women are underrepresented within Bakkafrost's workforce, and specifically within feed production and marine farming operations. This is systemic across the wider aquaculture sector, especially in the farming segment, and presents a challenge to attracting female candidates. This negative impact is concentrated in certain areas of Bakkafrost's own operations and affects female employees.

  A lack of gender diversity can mean the workplace may not seem inclusive. Women working in the sector and specifically in these segments may be impacted by the potential establishment of a male-dominated culture. This could lead to feelings of exclusion from the workplace community, resulting in stress, lack of engagement, or decreased engagement.

  As a result of overall female underrepresentation in the business, women are also underrepresented in Bakkafrost's leadership team.

  The impact occurs in the company's activities across all timescales, including in the current reporting period, and is considered a systemic impact common to the sector.

  Bakkafrost reports on gender diversity to the leadership team and Group Management and has set targets for increasing female representation in management positions.

  These impacts are not considered to originate from Bakkafrost's strategy and business model, so we have not yet made significant business model or strategic adaptations. However, the impacts are anticipated to affect Bakkafrost's ability to attract female candidates for jobs in the feed and marine farming segments. This could result in Bakkafrost missing out on recruiting diverse talent.

  Bakkafrost has responded to these impacts by implementing strategic recruitment measures, including featuring female workers in advertisement images when recruiting for these segments.

  The impact is partially covered by ESRS disclosure requirements through reporting of gender distribution at the top management level.

- **Establishment of vocational education for salmon farmers – Actual positive impact**
  Bakkafrost plays a key role in a vocational education program established in the Faroe Islands to educate salmon farmers. The project aims to implement better practices in the industry and provide workers with the necessary skills which also leads to an improvement of their salaries.

  Bakkafrost contributes by providing internal experts to teach subjects such as fish health and welfare as well as sustainability within aquaculture. The programme is not only for apprentices from Bakkafrost but also for apprentices from other salmon farming companies.

  The impact is concentrated in the Freshwater and Farming segments of the business and benefits Bakkafrost employees who work in farming activities.

  The impact originates from Bakkafrost's strategy to promote responsible salmon farming, which includes promoting better animal welfare practices and sustainability awareness amongst its workforce.

  The impact occurred in the current reporting period, and whether the impact continues depends on the number of students.

  The impact is partially covered by ESRS disclosure requirements.

  Bakkafrost has set targets regarding this topic and has reported entity-specific metrics (see Training and Skills Development).

- **Active inclusion of persons with disabilities – Actual positive impact**
  It is a strategic priority for Bakkafrost to be an inclusive employer. For several years, the company has actively cooperated with the Faroese Department of Social Services to enable persons with disabilities and reduced ability to work in our workforce. Through the initiative, Bakkafrost employs several people with disabilities or reduced working ability in its workforce. Bakkafrost collaborates with the Department of Social Services to assess which type of work would best suit the individual to ensure they have equal and fair access to opportunities.

  The impact occurs across Bakkafrost's own operations across all timescales, including in the current reporting period.

  Due to its extensive value chain, which encompasses a wide range of job functions and positions, Bakkafrost has a unique opportunity to promote the inclusion of individuals with disabilities and reduced work ability. Furthermore, the geographic distribution of Bakkafrost's operations, spanning across cities and small towns, allows for the inclusion of a larger number of people with disabilities and reduced work ability. The initiative provides clients of the Department of Social Services with an opportunity to actively participate in the Faroese labour market. This helps to reduce the potential expenses of the Department of Social Services and also contributes to the well-being of disabled individuals.

  The impact has no material effect on Bakkafrost's business model but derives from the business' values to drive positive impact where possible.

The impact is covered by ESRS disclosure requirements. Please refer to disclosure S1-12 for more information.

Workers at greater risk of harm
Bakkafrost has gained an understanding of which employee categories face a higher risk of harm through various methods, including engagement surveys and organisational reporting mechanisms. These risks are generally linked to the nature of the activities employees are required to perform, such as sailing in rough seas and operating heavy machinery.

Financial effects
Bakkafrost has not identified any material financial risks and/or opportunities related to its own workforce.

The resilience of Bakkafrost's business model to address impacts, risks and opportunities related to own workforce
Bakkafrost has assessed the resilience of its strategy and business model to workforce-related impacts, risks, and opportunities.

The assessment is based on strategic insights and the professional judgment of internal subject matter experts. Relevant quantitative data, such as data on age distribution, turnover rate, employee engagement, and training, was used to support the assessment. Impacts, risks, and opportunities were analysed over the short-term (0-2 years), medium-term (3-5 years), and long-term (6+ years). This approach enabled the company to explore different possible future scenarios regarding workforce dynamics and assess the company's preparedness for various changes in the labour market.

The analysis shows that Bakkafrost's strategy and business model are relatively resilient in addressing workforce-related impacts, risks, and opportunities, though challenges have also been identified.
A robust health and safety framework is essential for Bakkafrost to remain an attractive employer and mitigate future risks arising from increased operational activity due to planned medium-term growth. Bakkafrost has responded by making health and safety a strategic priority going forward, ensuring that necessary resources are allocated to implement relevant measures.

Going forward, there is a risk of gender underrepresentation within Bakkafrost's workforce, given the company's strategic focus on growth in the Feed, Freshwater, and Marine Farming segments, sectors in which women are historically and currently underrepresented. The growth is planned for the medium term, and thus, the gender distribution of the workforce may be impacted in the medium and long term.

While Bakkafrost has implemented measures to address the impact, the challenge is assessed to be deeply systemic and will require several technical (e.g., automation) and cultural changes to be solved.

Our Workforce

ESRS 2 SBM-3
IMPACTS, RISKS AND OPPORTUNITIES

Bakkafrost has not identified any material impacts, risks, or opportunities directly related to the topic ‘our workforce’. However, this section is included to provide comprehensive reporting. We have policies, actions, and targets that primarily focus on our workforce, which are also connected to the material impacts, risks, and opportunities associated with Bakkafrost’s workforce, as outlined in the table overview of material IROs.

IMPACT, RISK AND OPPORTUNITY MANAGEMENT

S1-1
Our approach

As a leading salmon producer, we operate in a highly competitive and dynamic industry that requires a skilled, motivated and engaged workforce. We believe that by attracting, retaining and developing the best talent, we can enhance our operational excellence, innovation and sustainability performance.

Bakkafrost’s Work Environment Policy focuses on the company’s impacts related to creating a diverse and inclusive workplace, specifically addressing gender and disability inclusion. It also emphasises the importance of maintaining a safe and healthy workplace where employees thrive and contribute to the healthy growth of the business.

The Work Environment Policy outlines Bakkafrost’s commitment to engaging with its employees to ensure they are heard.

All Bakkafrost employees in all countries are required to adhere to this Policy.

Consideration was given to the stakeholders in setting the policy. Bakkafrost has primarily relied on insights from employee surveys and the double materiality assessment, which included direct engagement with employees. This process, along with reported figures on diversity and health and safety, informed the development of the policy.

Bakkafrost aims to be an inclusive employer that supports the well-being and development of its employees. The Work Environment Policy provides guidelines for the social, organisational, and physical work environment to achieve this goal. It includes commitments and targets related to work-life balance, inclusion of persons with disabilities, whistleblower protection and management, and employee engagement, as well as the company's commitment to creating working environments free from discrimination and harassment.

Bakkafrost’s Human Rights and Modern Slavery Statement supplements the company’s Work Environment Policy by including the company’s commitment to respecting the human rights of the employees, including labour rights. The policy also addresses the company’s zero-tolerance to any form of modern slavery, including human trafficking, forced labour and child labour. The policy is aligned with internationally recognised human rights instruments.

The Board of Directors holds overall responsibility for policy oversight, ensuring compliance with corporate governance principles and sustainability objectives.
The Chief Executive Officer (CEO) is responsible for implementing and managing this policy, overseeing its execution, and reporting to the Board on actual development related to this policy. The CEO also ensures that procurement and resource management practices align with Bakkafrost’s sustainability commitments

The Bakkafrost Work Environment Policy is available to all employees via our company intranet.

S1-2
Processes for engaging with employees and workers’ representatives

We are committed to engaging with our employees, ensuring they have a voice on a range of topics - from our role as an employer to addressing any specific impacts. We do this through quarterly employment surveys which measure employee satisfaction, engagement, and motivation. The survey is conducted at site level, but the results are integrated into a platform which provides insights by aggregating the results.

Employees can express their views anonymously when participating in the survey. Managers are responsible for providing the employees with feedback and to make action plans. Bakkafrost has taken steps to add data about gender, age, seniority, and other relevant categories to the engagement survey. This will improve our understanding of specific workforce groups vulnerable to impacts.

In addition to the engagement surveys, some employees (primarily in office-based roles) have regular one-to-one meetings with their managers.

The Group HR Manager is responsible for ensuring that the employee engagement survey is conducted regularly, covers all employees, and that the results are communicated to the Board of Directors and the Group Management.

The effectiveness of the engagement with the employees is assessed through comparative analyses of the results of the employee engagement surveys.

S1-3
Processes to remediate negative impacts and channels for raising concerns

Bakkafrost has implemented a whistleblower mechanism to allow employees to raise concerns, including those related to workplace issues. The company has established procedures to ensure that all concerns are addressed appropriately and in a timely manner, as well as systems to follow up on the cases raised.

Bakkafrost supports the availability and use of this channel by including this in the staff policy, which all new employees are required to familiarise themselves with.

Bakkafrost will seek to remedy material impacts on its workforce in a manner appropriate to the impact.

When issues are raised through this channel, the HR department ensures that the incident is properly recorded and handles the case in accordance with internal policies. This includes ensuring that all parties involved are supported throughout the resolution process.

Individuals utilising the whistleblower mechanism are protected against any form of retaliation, as reports can be made anonymously, and the company's Human Rights and Modern Slavery statement explicitly prohibits retaliatory actions against whistleblowers.

S1-4
Actions

To achieve the objectives of Bakkafrost’s Work Environment Policy, including creating a safe and healthy workplace where employees can thrive and contribute to the business's growth, Bakkafrost has implemented various actions.

In 2024, we have focused on updating our policies to support a healthy work environment. This includes revising the Work Environment Policy, which addresses important topics such as work-life balance, encouraging employee feedback, and supporting those affected by potential large-scale restructuring or layoffs.

In 2024, Bakkafrost also updated and expanded its employee engagement survey. The survey, which was previously conducted annually, is now distributed quarterly to all Bakkafrost employees to provide timely insights for management to address any concerns raised. Additionally, the survey has been broadened to cover more topics. The survey is used to evaluate the effectiveness of the actions implemented; for more information, see ‘Targets and performance’. The survey is also, together with the double materiality assessment, used as the foundation for identifying which actions are needed and appropriate in response to impacts.

Bakkafrost is committed to supporting the mental well-being of our employees. As part of our Healthy People strategy, we organized a Mental Health Awareness Week in Scotland in the summer of 2024. During this week, employees were encouraged to participate in activities promoting mental health.

Furthermore, we launched an Employee Assistance Program called Help@hand. This program offers our employees in Scotland access to physiotherapy, unlimited mental health support, a 360 Wellbeing Assessment, and various other resources.

In addition to these actions, we have organised various employee events throughout the year, including excursions and staff gatherings such as Company Day and Christmas celebrations.

Bakkafrost has implemented a comprehensive bonus scheme that allows all employees to share in the company's profits and growth by receiving company stocks as part of their compensation. This ongoing initiative ensures that employees are rewarded with a portion of the company's profits, effectively linking their contributions to the overall success and prosperity of the business.

By recognising and rewarding employees for their hard work and dedication, Bakkafrost cultivates a motivated and engaged workforce, which promotes further innovation and excellence within the company. Additionally, to support advancements in sustainability, the bonus scheme is tied to various sustainability-related key performance indicators (KPIs).

METRICS AND TARGETS

S1-5

Targets and performance

To ensure the achievement of the ambitions set out in Bakkafrost's Work Environment Policy, including creating a workplace where employees thrive and where there is room for personal development, Bakkafrost has set a 2026 target to:

- **Have employee engagement scores above industry benchmarks (provided by Peakon) by 2026 from a 2023 base year (2023: 7.5).**

  The target is rolling and absolute and covers the entire workforce.

  The 2024 engagement score was 7.5 out of 10, the same score as in 2023. We consider the performance on track, as the 2024 industry benchmark was 7.6.

  The target is continuously monitored and reviewed through quarterly engagement surveys with the employees.

  Bakkafrost did not directly engage with members of the workforce or their representatives when setting the targets, nor was it engaged in tracking performance against the targets. Employees help identify lessons and improvements through the engagement survey.

  The methodology and significant assumptions used to define targets are disclosed in the 'Accounting policy' section of this chapter.

S1-11

Social protection

As a company with operations in the Faroe Islands, Scotland, Denmark, USA and France, all our employees are covered by social protection against loss of income due to sickness, unemployment, employment injury, parental leave and retirement.
Additionally, in locations where it is appropriate, we offer extra benefits to further support our employees during these events.

Bakkafrost also provides additional insurance benefits to employees, which they become eligible for after three months of employment.

S1-6

Our Workforce

1 January 2024 – 31 December 2024

	Unit	Faroe Islands	Scotland	Denmark	USA	France	Total 2024	Total 2023
Total Full-Time Equivalent	FTE	999.67	451.77	43.72	68.87	3	1,567	1,686
Number of employees	Heads	1,140	458	48	71	3	1,720	1,960
Female	Heads	339	80	31	10	2	462	549
Male	Heads	801	378	17	61	1	1,258	1,411
Permanent employees	FTE	995.52	444.21	43.72	67.66	3	1,554	1,682
Female	FTE	253.23	73.95	30.85	7.31	2	367.34	425.67
Male	FTE	742.29	370.26	12.87	60.35	1	1,186.77	1,256.75
Temporary	FTE	4.15	7.56	0	1.21	0	13	3
Female	FTE	3.81	2.41	0	1.21	0	7	No data
Male	FTE	0.34	5.15	0	0	0	6	No data
Non-guaranteed hours employees	FTE	558.32	0.3	30.97	56.24	0	646	655
Female	FTE	179.36	0	23.08	5.51	0	208	252
Male	FTE	378.96	0.3	7.89	50.73	0	438	403

1 January 2024 – 31 December 2024	**Unit**	**Faroe Islands**	**Scotland**	**Denmark**	**USA**	**France**	**Total 2024**	**Total 2023**
Full-time Employees	FTE	943.92	447.15	39.85	68.87	3	1,503	1,325
Female	FTE	234.53	73.65	28.51	8.51	2	347	284
Male	FTE	709.39	373.5	11.34	60.35	1	1,156	1,042
Part-time Employees	FTE	55.75	4.62	3.88	0	0	64	360
Female	FTE	22.52	2.71	2.34	0	0	28	144
Male	FTE	33.23	1.91	1.54	0	0	37	216
Number of employees that left the company	Heads	146	227	3	6	0	382	528
Employee turnover	%	12.81%	49.60%	6.25%	8.45%	0%	22%	27%

ESRS 2 MDR-T
ACCOUNTING POLICIES

ESRS Disclosure Requirement	Paragraph	Target / Data point	Accounting policy
All		All	All metrics cover the reporting period 1 January 2024 – 31 December 2024. No external body other than the assurance provider has provided validation for the following metrics.
S1-5		Have employee engagement scores above industry benchmarks (provided by Peakon) by 2026 from a 2023 base year (2023: 7.5).	All employees except for so-called ‘casuals’ (workers working on an ad-hoc basis), who are not considered a formal part of the workforce yet are invited to participate in the survey. All other employees are included. However, filters are applied on the output side to be able to filter out employees with short tenure and similar. There have been no changes in this target, or to its underlying metrics, during the reporting year.
S1-6	50 d & f	Number of heads and FTE	Social metrics can be reported both in Heads and in FTE. The unit for each metric is stated in the metrics table above. The reported FTE in this section is also reported in the Financial Statement of this report. Employee data is recognised based on records from the Group’s ordinary registration systems. Head Count or Full-Time Equivalent (FTE): Headcount: The data can be reported by headcount, meaning the actual number of individual employees is counted. This includes applying specific filters such as minimum hours worked (for Bakkafrost, a threshold of 173 working hours was applied) and tenure of at least three months to ensure consistency across data points. This filter helps exclude temporary or seasonal workers who may significantly skew turnover or employment figures, ultimately showing a misrepresented picture of the main workforce. FTE (Full-Time Equivalent): FTE is calculated using an individual's actual hours worked divided by the standard number of hours constituting a full-time employee in that country. FTE is reported at the end of the reporting period, representing the actual FTE at that specific point, rather than an average across the period. Calculating FTE based on actual hours worked at the end of the reporting period offers several key benefits: Accuracy: Reflects true employee contributions, particularly for part-time and temporary workers. Snapshot Clarity: Provides a clear view of staffing levels at the end of the period, avoiding distortions from seasonal fluctuations or averaging. Strategic Insight: Supports better workforce planning and decision-making with current, relevant data. Transparent and Understandable: Minimizes ambiguity. Avoids Data Skewing: Captures important staffing changes without dilution from averaging. Reporting Period: The headcount and FTE data are reported as factual figures at the end of the reporting period. This means that the numbers reflect the actual state of employment (either headcount or FTE) as of the last day of the reporting period. In FTE, an individual's hours worked are accumulated throughout the reporting period and then divided by the country's standard full-time hours, giving a final FTE value at the end of the period. This approach does not average FTE across the period but gives a snapshot at the end of the period based on accumulated worked hours. There have been no changes in this target, or to its underlying metrics, during the reporting year.
S1-6	50 c	Turnover	The employee turnover rate is calculated as the number of employees who left relative to the total unique population in the workforce. The following filters were included in the calculation: Heads: Individuals who worked a minimum of 173 hours and more than three months were included. Turnover: Individuals were included who moved out of company. However, if an individual rejoined the company within 7 days, it is not included as a turnover. There have been no changes in this target, or to its underlying metrics, during the reporting year.

ESRS Disclosure Requirement	Paragraph	Target / Data point	Accounting policy
S1-6	52 a & b	Full-time and part-time employees	Bakkafrost has changed its definition of "full-time" employees. Previously, it was designed as a person working over 0,875 FTE a year to simulate a 35-hour work week. We have moved away from this methodology and have now implemented a work fraction with all employees in our HR system, stating whether they are set as full-time employees, i.e. work fraction 1.0 or part-time employees, i.e. under work fraction 1.0. This is then used to filter the contract-stated workforce, which we then calculate the factual FTE in the data, i.e. the total amount of FTE per work fraction 1.0 and the total amount of FTE per work fraction under 1.0.

Health and Safety

ESRS 2 SMB-3
IMPACTS, RISKS AND OPPORTUNITIES

Workers at Bakkafrost are inherently exposed to actual impacts of physical harm from incidents. The potential incidents arise from various circumstances, including but not limited to operating heavy machinery, risks of leakages of hazardous gasses, operating in rough and potentially dangerous weather conditions and various other operations.

IMPACT, RISK AND OPPORTUNITY MANAGEMENT

S1-1
Our approach

The health and safety of our employees is paramount, and we are committed to providing a safe working environment for everyone. We aim to prevent work-related injury and ill health by fostering a culture of continuous improvement and best practices. Our approach is grounded in Bakkafrost's Group-wide Health and Safety Policy, which outlines Bakkafrost's responsibility to provide employees with the necessary training, tools, and equipment to carry out their work safely. It also ensures that employees understand their own responsibilities. The Health and Safety Policy was updated in 2024 to establish clear guidelines on governance and responsibilities in relation to health and safety.

Action taken throughout the reporting year in support of the policy happens via our health and safety management system, which is structured around industry-leading health and safety certifications and standards, such as ISO 45001.

The policy covers Bakkafrost's own operations, and all Bakkafrost employees in all countries are required to adhere to this policy. In practice, the directors and managers have a specific responsibility to adhere to and implement this policy, as they are managing the resources necessary for implementation.

The Board of Directors holds overall responsibility for policy oversight, ensuring compliance with corporate governance principles and sustainability objectives.

The Chief Executive Officer (CEO) is responsible for implementing and managing this policy, overseeing its execution, and reporting to the Board on actual development related to this policy. The CEO also ensures that procurement and resource management practices align with Bakkafrost's sustainability commitments

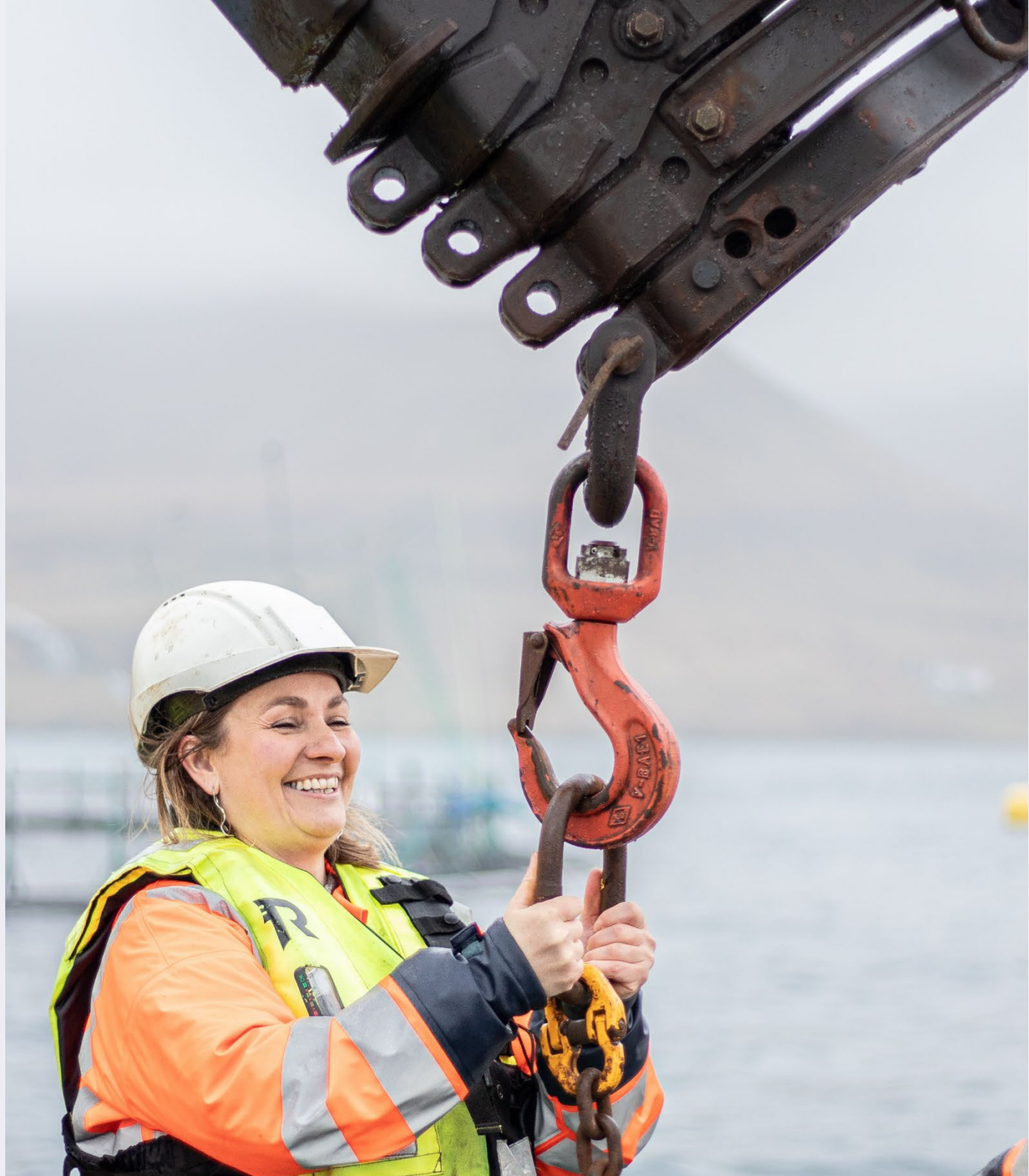
Operational managers have been identified as key stakeholders in the process of implementing the policy. Hence, we arrange regular health and safety meetings at each site to ensure that the guidelines set out in the policy are followed and that appropriate actions are taken.

Bakkafrost has set up a robust procedure to ensure proper monitoring of Health and Safety. Operational managers are responsible for reporting all accidents and near-misses. The Head of Health and Safety collects and consolidates the data and reports it to the CEO and the Board of Directors, and they discuss the topic at every Board meeting.

The company has emphasised the importance of reporting all accidents and near-misses, which has been shown to enhance the monitoring process.

Bakkafrost recognises that employees working in natural environments and those operating heavy machinery are particularly at risk of harm. To address this, Bakkafrost has set a target to reduce the rate of recordable work-related accidents.

The Health and Safety Policy has been developed closely with all relevant internal stakeholders.



S1-3

Processes to remediate negative impacts and channels for raising concerns

All employees in Bakkafrost are covered by social protection against income loss through public programs. In locations where it is deemed appropriate, the company offers additional benefits to ensure that employees are supported during these events. This covers key incidents such as employment injuries.

Bakkafrost will provide the necessary support in the event of employee injuries. For example, we help the employee apply for income loss coverage.

Bakkafrost is committed to learning from near-misses and accidents. The Head of Health and Safety leads a thorough investigation into accidents, to identify and rectify any non-conformances and prevent recurrence.

Bakkafrost assesses whether employees are aware of and use channels to raise health and safety-related concerns through health and safety-related questions in the employee engagement survey. It also assesses the effectiveness of the measures taken to provide remedies for health and safety-related incidents via this survey.
Health and safety questions are included at least once a year.

Management uses the internal intranet to encourage employees to report near-misses, accidents, and other health and safety-related issues. As stated in the company's Human Rights and Modern Slavery Statement, the company is committed to no retaliation against employees for using these channels.

Employees can raise health and safety concerns, including near-misses or accidents, to their managers, who are obligated to immediately report to the Head of Health and Safety. This is a mechanism that the company has established itself, but it also contributes to meeting health and safety-related requirements in third-party standards such as the Aquaculture Stewardship Council (ASC).

S1-4

Actions

Due to the nature of their work, which can include rough weather conditions and operating heavy machinery, Bakkafrost employees face inherent health and safety risks. Bakkafrost is dedicated to implementing preventative measures and upholding high health and safety standards in all operations.

In 2024, the following key health and safety-related actions were taken and/or were in the process of implementation:

- **Safety awareness week**
  In April, we launched our first Safety Awareness Week which covered operations in the Faroe Islands and in Scotland. The H&S team visited all sites in each country to conduct checks, ensuring that all required equipment was available. Additionally, all sites received a copy of the Health and Safety policy to further enhance its implementation.

  During the Health and Safety awareness week, a general meeting was scheduled, with participants including Group Management, key executives, operational managers, and Health and Safety representatives, and Health and Safety-related content was posted on our intranet every day of the week.

  The initiative sought to raise awareness of health and safety and one of its primary outcomes was that all sites underwent a health and safety check. We plan to make this an annual event.

- **Health and Safety training**
  As part of our ambition to significantly mitigate our impact on our workforce and ensure compliance with several third-party standards, such as ISO 45001 and ASC, frontline workers in Bakkafrost received health and safety training during our Company Day and at health and safety-focused internal events. The training included instruction on handling hazardous chemicals, heavy machinery, and more.

  In 2024, we focused specifically on training for the safe handling of ozone in our operations and conducted inspections of all freshwater sites in the Faroes.

Taking action to provide necessary support for specific incidents is part of the company's overall health and safety approach, and Bakkafrost has consistently implemented this throughout the reporting year.

Bakkafrost identifies what action is needed to address incidents and impacts through its health and safety reporting and investigation procedures. These are described in S1-3 above.

Bakkafrost has dedicated resources in the form of health and safety teams in both the Faroe Islands and Scotland. Their responsibilities include implementing preventative measures, investigating incidents, and continuously raising awareness about health and safety practices. Additionally, Bakkafrost invests in health and safety equipment.

METRICS AND TARGETS

S1-5

Targets and performance

As part of meeting our commitment stated in the Working Environment Policy to provide a safe working environment for everyone, Bakkafrost has set three health and safety-related 2026 targets:

- **Reduce Lost Time Injury Rate to below 5 accidents per million working hours from a 2022 base year (2022 baseline value: 14.88)**
- **Reduce Group absence rate to below 3.9% from a 2022 base year (2022 baseline value: 4.53%)**
- **Zero fatalities from a 2022 base year (2022 baseline value: 0)**

The targets cover Bakkafrost's direct operations and are monitored through continuous data collection via time and attendance systems and procedures for reporting accidents.

Lost-time injury Rate (LTIR) represents Lost-Time Injuries reported in the internal system per million working hours. In 2024, Bakkafrost's LTIR improved to 11.90 from 13.98 in 2023. The improvement was mainly due to the work supporting our continuous compliance with ISO 45001 and the launch of awareness campaigns, which have contributed to a stronger focus on health and safety processes and procedures across the operations.

In 2024, the Group absence rate was 3.54% (3.93%), ahead of Bakkafrost's target of 3.9%.

In 2024, we had zero fatalities.

The company did not directly engage with the workforce or workers' representatives in setting the targets, nor are they engaged in tracking performance against targets. The employees help identify lessons and improvements through the engagement survey.

S1-14

Health and safety metrics

1 January 2024 – 31 December 2024

	Unit	Target	2024	2023
Rate of recordable work-related accidents (also called Lost Time Injury Rate – LTIR)	Accidents per million worked hours	< 5	11.90	13.98
Recordable work-related accidents (Lost time injuries)	Number		36	44
Absence rate	%	< 3.9	3.54	3.93
Fatalities	Number	0	0	0
Fatalities of other workers working on company's sites	Number		0	0
Days lost due to work-related injuries and fatalities	Number		701	1,168
Proportion of employees covered by the health and safety management system	%		100	100

ESRS 2 MDR-T
ACCOUNTING POLICIES

ESRS Disclosure Requirement	Paragraph	Data point	Accounting policy
All		All	All metrics cover the reporting period 1 January 2024 – 31 December 2024 No external body other than the assurance provider has provided validation for the following metrics. There have been no changes related to the metrics below during the reporting year.
S1-14	88 c	Number and rate of recordable work-related accidents	The number of lost time injuries represents the total count of work-related accidents that result in an individual being unable to perform their duties during scheduled working hours. This includes the number of fatalities, permanent disabilities and lost-time incidents. The Rate of recordable work-related accidents (also called LTIR) is calculated as the number of lost-time injuries per one million hours worked and covers all working hours of our employees.
Entity-specific		Absence rate	The calculations involve hours of absence during scheduled working hours divided by the total scheduled working hours multiplied by 100.
S1-14	80 b	Fatalities	The number of work-related fatalities of Bakkafrost employees and workers working on Bakkafrost's sites.
S1-14	80 e	Number of days lost	The figure reflects the total number of days lost due to work-related ill-health. Denmark operations have been excluded from this metric due to poor data quality.
S1-14	88 a	Proportion of employees covered by the health and safety management system	Defined as the proportion of employees who are covered by Bakkafrost's Health and Safety Policy, which is based on legal requirements as well as other standards such as the ISO 45001.

Diversity, Equity & Inclusion

ESRS 2 SBM-3
IMPACTS, RISKS AND OPPORTUNITIES

Underrepresentation of women in the workforce
Women are underrepresented within Bakkafrost's workforce, specifically within feed production and marine farming operations. This is systemic across the wider aquaculture sector, especially in the farming segment, and presents a challenge to attracting female candidates. This negative impact is concentrated in certain areas of Bakkafrost's own operations and affects female employees.

Inclusion of persons with disabilities
Bakkafrost strives to be an inclusive employer and has cooperated with the Faroese Department of Social Services for several years to include persons with disabilities and reduced ability to work in our workforce. This is considered an actual positive impact.

IMPACT, RISK AND OPPORTUNITY MANAGEMENT

S1-1
Our approach
Bakkafrost is committed to fostering a diverse and supportive work culture where everyone is valued.

The company's Work Environment Policy and Human Rights and Modern Slavery Statement govern our approach to fostering a healthy work culture. They outline commitments and targets to prevent and eliminate discrimination, including harassment, and to create equal opportunities for employees, in line with internationally recognised human rights instruments. The policies prohibit any discrimination against employees, shareholders, management, customers, retailers, and suppliers based on their race, colour, ethnic origin, nationality, religion, disability, gender, maternity, sexual orientation, union membership, political opinion, age, marital status or any other condition that may give rise to discrimination.

The policies apply to recruitment processes, terms of employment, working conditions, assignments, training, disciplinary practices, career opportunities, termination, life transition, and retirement. The policies apply to all employees and subcontractors working for the company.

We stress that everyone is responsible for preventing discrimination, and the more senior the employee, the greater their responsibility is to eliminate discrimination.

To ensure proper policy implementation, key Executives and operational managers receive training in anti-discrimination and diversity.

The implementation and effectiveness of the policies are monitored through various channels, including data collection on the gender distribution of the general workforce and among managers. Anti-discrimination and harassment are prevented and monitored through the internal whistleblower system, which all employees can access.

The Board of Directors holds overall responsibility for policy oversight, ensuring compliance with corporate governance principles and sustainability objectives.

The Chief Executive Officer (CEO) is responsible for implementing and managing this policy, overseeing its execution, and reporting to the Board on actual development related to this policy. The CEO also ensures that procurement and resource management practices align with Bakkafrost's sustainability commitments

All Bakkafrost employees in all countries are required to adhere to this Policy.

Through third-party certifications, Bakkafrost must conduct continuous due diligence to ensure that the policies are implemented, and that discrimination is prevented.

Policies related to diversity, equity and inclusion are available to all employees through our intranet and to our stakeholders via our website.

S1-2
Engaging with vulnerable and/or marginalise people in the workforce

Bakkafrost has adopted a general process for engaging directly with its workforce. The key component of this process is the quarterly distribution of an engagement survey, which allows employees to share their opinions (read more in the 'Our Workforce' section). The survey includes questions about diversity, equity, and inclusion, such as whether employees believe that Bakkafrost would handle instances of discrimination appropriately and if they feel assured that they won't be discriminated against while working for the company.

The survey also gathers metadata on characteristics like gender and age, which helps us analyse and address challenges faced by minority groups.

The Group HR Director is responsible for ensuring that this engagement happens and that the results inform Bakkafrost's approach to managing actual and potential impacts on the company's own workforce.

S1-4
Actions
Bakkafrost has yet to develop an action plan related to diversity, equity, and inclusion, but we plan to do so within the next two years.

Although we haven't formalised an action plan yet, we did arrange an event in 2024 to promote diversity, equity, and inclusion and prevent discrimination and other related negative impacts:

- **Internal training course in diversity and anti-discrimination**
  Various managers, including key executives, in the Faroese operations attended an internal training course during which topics such as unconscious gender bias, creating inclusive working environments, and using diversity to create value were discussed. The course also provided training in the form of various tasks that the attendees were required to solve.

  The event mainly had participants from the marine farming segment as well as key executives.
  The event sought to raise awareness of potential barriers to creating an inclusive workplace, including barriers to including more women.

  This event was initiated as part of meeting requirements in the ASC standard, which Bakkafrost considers a significant driver of sustainability within the aquaculture sector.

- **Cooperation with the Department of Social Services to employ persons with disabilities**
  Bakkafrost works continuously with the Department of Social Services in the Faroe Islands to employ persons with disabilities, and in 2024, we continued this cooperation and maintained a dialogue with the Department, evaluating the current initiatives and discovering ways to develop the cooperation.

  No specific remedial action was taken in the year relating to this impact.

  Bakkafrost uses the employee engagement survey to track and assess the effectiveness of the actions initiated and to identify which actions are needed going forward.

  Bakkafrost has also set targets related to the topic to track the effectiveness of the policies.

  In 2024, Bakkafrost has not received any reports of discrimination or harassment in the workforce, and as a result, there have been no incidents to address.

  The HR department is responsible for advancing diversity, equity, and inclusion in the workforce, including recruitment of persons with disabilities, and they allocate resources to manage this impact.

METRICS AND TARGETS

S1-5
Targets and performance

Bakkafrost is aware of the systemic negative impact that the company and the wider sector have on creating an equal gender distribution in the workforce, including amongst the organisation's management.

To address this impact and ensure the achievement of the ambitions set out in Bakkafrost's Work Environment Policy, including fostering a workplace that is balanced in terms of gender representation, in 2024, Bakkafrost renewed its target to increase the number of women in management positions by 2026 as part of its revised sustainability strategy. This target was first set in 2022.

Bakkafrost's revised targets are to:

- **Increase the number of women in management positions (managers with direct reports) to at least 25% by 2026 from a 2022 base year (2022: 19.89%)**
- **Gender pay gap below 10% (base year is 2024, see figures below for base values)**
- **Establish formal cooperation with local social services departments or similar to recruit people with disabilities in countries where Bakkafrost employs more than 100 people**

The targets are Group-wide and monitored through continuous data collection via our HR management system. The term 'management positions' refers to all managers who have direct reports in some capacity.

In 2024, we observed a modest increase in the percentage of women in management positions, rising from 19% in 2023 to 21% in 2024. As we approach the year 2026, we recognize that reaching our target will be challenging. Therefore, we are consistently implementing initiatives to support this goal.

Bakkafrost aims to maintain a pay gap of less than 10% in each country of operation. In 2024, the gender pay gap in the Faroe Islands increased slightly, with men earning higher average salaries than women. This difference is largely influenced by the higher number of male managers in the region, which significantly impacts the overall figures. In contrast, the average salary is higher for female employees in Scotland, primarily due to their greater representation in academic roles.

In 2024, Bakkafrost employed above 100 people in the Faroe Islands and Scotland. In both countries, the company cooperates with authorities to employ people with disabilities.

The company did not directly engage with the workforce or workers' representatives in setting the targets, nor have they been engaged in tracking performance against targets either. Employees help identify lessons and improvements through the engagement survey.

S1-9 / S1-12 / S-15

Diversity, equity and inclusion metrics

1 January 2024 – 31 December 2024

	Unit	Target	2024	2023
Gender distribution at top management level (Women in senior management)	%		12	15
Number of women in management positions (managers with direct reports)	%	> 25	21	19
Distribution of employees by age group				
Under 30 years old	%		20	22
Between 30-50 years old	%		48	48
Over 50 years old	%		32	30
Employees with disabilities in the workforce	%		0.76	Not tracked
Employees entitled to take family-related leave	%		100	100
Entitled employees that took family-related leave	%		2.21	Not tracked
Women	%		2.81	11
Men	%		2.16	7

S1-17

Incidents, complaints and severe human rights impacts

1 January 2024 – 31 December 2024

	Unit	Target	2024	2023
Incidents of discrimination, including harassment	Number		0	0
Complaints filed through channels for employees to raise concerns	Number		1	1
Fines, penalties, and compensation for damages as a result of incidents	DKK		0	0
Severe human rights incidents connected to Bakkafrost's own workforce	Number		0	0
Fines, penalties and compensation for damages for severe human rights issues and incidents	DKK		0	0

S1-16

Remuneration metrics

1 January 2024 – 31 December 2024

	Unit	Target	2024	2023
Gender pay gap (where minus in front of number, the average salary for female employees is higher)				
Faroe Islands	%		20.44	18.25
Scotland	%		-9	-3.70
USA	%		-19.74	No data
Denmark	%		-11.36	No data
France	%		49.08	No data
Annual remuneration ratio				
Faroe Islands	Ratio		7.52	8.6
Scotland	Ratio		8.67	9.22
USA	Ratio		3.58	No data
Denmark	Ratio		3.44	No data
France	Ratio		1.96	No data

ESRS 2 MDR-T
ACCOUNTING POLICIES

ESRS Disclosure Requirement	Paragraph	Data point	Accounting policy
All		All	All metrics cover the reporting period 1 January 2024 – 31 December 2024 No external body other than the assurance provider has provided validation for the following metrics
		Gender distribution	Bakkafrost publishes data divided by gender, distinguishing between male and female.
S1-9	66 a	Gender distribution at top management level	The calculation considers the gender distribution in both number and percentage at the top management level, which includes Bakkafrost's Chief Executive Officer (CEO) and Board of Directors. Bakkafrost has other leadership positions, such as directors reporting directly to the CEO, line managers, and the Senior Leadership Team (SLT). There have been no changes related to this metric during the reporting year.
S1-9	66 b	Distribution of employees by age group	The distribution of employees (FTE) by age group; under 30 years old, 30-50 years old, and over 50 years old. There have been no changes related to this metric during the reporting year.
S1-15	93 a	Employees entitled to take family-related leave / took family-related leave	All Bakkafrost employees are entitled to family-related leave. In 2024, we changed the method for collecting data to providing the number of individuals. This has enabled us to calculate the total share of the workforce.
S1-12	79	Employees with disabilities	Bakkafrost collects data on employees with disabilities through a self-disclosure system. Employees are asked to voluntarily inform Bakkafrost if they have a disability and require special working arrangements. This includes disabilities that are mental, sensory, physical, or any other type that necessitates adjustments in their working conditions. This is a new process, and this is our first year reporting this metric.
S1-17	103 a	Incidents of discrimination and complaints, including harassment	All incidents and numbers will be recorded in the logs. There have been no changes related to this metric during the reporting year.
S1-17	103 b	Number of complaints filed through channels for employees to raise concerns	This includes all complaints raised through Bakkafrost's internal whistleblower mechanism, including cases which formally should have been raised through other channels. There have been no changes related to this metric during the reporting year
S1-17	104 a	Number of severe human rights incidents connected to Bakkafrost's own workforce	Cases of severe human rights are reported through various channels, including our whistleblower system, external complaints system, supplier audits and other channels. Severe cases are defined as incidents of forced labour, human trafficking, child labour etc., and the figure reported reflects the summarised cases reported through all channels. There have been no changes related to this metric during the reporting year.
S1-17	104 b	Amount of fines, penalties and compensation for damages for severe human rights issues and incidents	The same approach applies to this metric as for 104 a. There have been no changes related to this metric during the reporting year.

ESRS Disclosure Requirement	Paragraph	Data point	Accounting policy
S1-16	97 a	Gender pay gap	The calculation includes the average gross hourly pay of male employees minus the average gross hourly pay of female employees divided by the average gross hourly pay of male employees (in %). Bakkafrost presents the gender pay gap by country to ensure that the comparison is within the existing reference frame. There have been no changes related to this metric during the reporting year.
S1-16	97 b	Annual total remuneration	The calculation involves the highest-paid individual divided by the median employee's annual total remuneration (excluding the highest-paid individual). Bakkafrost presents the annual total remuneration to ensure comparison is within the reference frame. To ensure that we are comparing on a correct foundation, all salaries have been annualised. If an employee stops mid-year, forecasted salaries are calculated for the whole year to get the correct total remuneration. This includes bonuses and other benefits that affect the total remuneration, e.g., free car, etc. There have been no changes related to this metric during the reporting year.

Training & Development

ESRS 2 SBM-3

IMPACTS, RISKS AND OPPORTUNITIES

Establishing vocational education for salmon farmers in the Faroe Islands

In 2022, a vocational education program was established in the Faroe Islands to educate salmon farmers, with Bakkafrost playing a key role in this project. The education aims to implement better practices in the industry and provide workers with the necessary skills, which will also lead to an improvement in their salaries.

IMPACT, RISK AND OPPORTUNITY MANAGEMENT

S1-1

Our approach

A highly skilled workforce is vital to ensuring safe operations in the challenging natural environments of the Faroe Islands and Scotland, where heavy machinery and large assets such as boats and ships are often used.

The company currently does not have a formal training policy because an internal assessment determined that it is not necessary at this time. However, the company is dedicated to fostering a work environment that promotes learning and development. The company recognises the importance of ensuring that employees possess the necessary skills to perform their jobs safely and effectively. For this reason, Bakkafrost has been collaborating with the Faroese vocational authorities to create a formal vocational education program for salmon farmers in the Faroe Islands.

S1-4

Actions

In 2024, the following key training and development-related actions were taken and/or were in the process of implementation:

- **Continued support for the vocational education in the Faroe Islands to become a salmon farmer**
  Bakkafrost has long advocated for establishing a vocational education program to train salmon farmers in the Faroe Islands. A formal education is considered crucial to promoting responsible and safe working procedures within our operations.

  The education program was launched in 2022, and since then, Bakkafrost has welcomed 13 apprentices to start their education.

  In addition to recruiting apprentices for education, Bakkafrost also provides internal experts to teach subjects such as fish health and welfare, as well as sustainable aquaculture. Thus, Bakkafrost plays a crucial role in enabling individuals in the Faroe Islands to pursue a career as a salmon farmer.

  By accepting apprentices, we not only gain qualified resources but also contribute to creating career opportunities in remote areas.

  This ongoing action pertains to apprentices/employees in broodstock, freshwater, and marine farming. Bakkafrost annually recruits new apprentices and aims to emphasize the vocational education program as an excellent opportunity for formal education among current employees as well as in recruiting new employees.

- **40 modern apprenticeships**
  Bakkafrost has also implemented a Modern Apprenticeship program, which provides a range of apprenticeship opportunities in different departments and locations. The ongoing program supports participants to expand their knowledge, obtain a valuable professional qualification, and develop skills that can improve career prospects.

  In 2024, we had 40 apprentices, 18 working in the Faroe Islands operations and 22 working in the Scotland operations.

  The quality of education and apprenticeships is evaluated through feedback from students and employees. To assess the effectiveness of our initiatives, we have established formal targets for training and development.

  Resources allocated by the company to these initiatives relate to Bakkafrost's provision of internal subject matter experts to teach in vocational education. In 2024, Bakkafrost staff spent between 50-100 hours teaching vocational students.

METRICS AND TARGETS

S1-5

Targets and performance

To achieve the company's goal of promoting education and fostering safe working practices, Bakkafrost has established the following target:

- **To have 10 vocational graduates from the Faroese vocational education program for salmon farmers per year by 2026 (This education program began in 2022, so there are currently no graduates, and thus there is no baseline value)**
  This target applies to our operations in the Faroe Islands. The target supports an important strategic initiative to strengthen education in remote rural areas and ensure that Bakkafrost has a skilled workforce capable of carrying out work safely and efficiently.

  The company did not directly engage with the workforce or workers' representatives in setting the targets, nor have they have not been engaged in tracking performance against targets. Employees help identify lessons and improvements through the engagement survey.

S1-13

Training and skills development metrics

1 January 2024 – 31 December 2024

	Unit	Target	2024	2023
Employees that participated in regular performance and career development reviews (%)	%		**13**	**Not tracked**
Female	%		10	1
Male	%		15	10
Average number of training hours per employee* (Hours) * Since not all employees are mandated to log their working hours not all training hours are recorded	Hours		**17.91**	**23.72**
Female	Hours		13.93	10.8
Male	Hours		19.16	27.89
Vocational graduates from the Faroese vocational education program for salmon farmers			No graduates due to start in 2022 and education length is 4 years	No graduates due to start in 2022 and education length is 4 years

ESRS 2 MDR-M
ACCOUNTING POLICIES

ESRS Disclosure Requirement	Paragraph	Data point	Accounting policy
All		All	All metrics cover the reporting period 1 January 2024 – 31 December 2024 No external body other than the assurance provider has provided validation for the following metrics.
S1-13	83 a	Employees that participated in regular performance and career development reviews	Not all employees are required to log their working hours, which means that training hours may not be fully documented. Additionally, we do not conduct regular and structured performance and career development reviews across the entire group. However, Bakkafrost offers these reviews to employees who request them. There have been no changes in relation to this metric during the reporting year.
S1-13	83 b	Average number of training hours per employee* (Hours)	Calculated as total employee training hours divided by total FTE. There have been no changes in relation to this metric during the reporting year.

S2 Workers in the Value chain

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S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	179
S2-4	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	180
S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	180

ESRS-2 SBM-3

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES IN RELATION TO WORKERS IN THE VALUE CHAIN

				Location in value chain			Time horizon		
VALUE CHAIN WORKERS – MATERIAL IMPACTS, RISKS AND OPPORTUNITIES				Upstream	Own operation	Downstream	Short-term (0-2 years)	Medium-term (3-5 years)	Long-term (+6 years)
ESRS sub-topic (AR 16)	ESRS sub-sub-topic (AR 16)	Impact/Risk/Opportunity (IRO)	Type						
Working conditions	Health and Safety	Work-related accidents onboard fishing vessels catching marine raw material for Bakkafrost's feed production	Potential negative impact	•			•		

ESRS 2 SBM-3

IMPACTS, RISKS AND OPPORTUNITIES RELATED TO WORKERS IN THE VALUE CHAIN

The materiality assessment described in disclosure requirement IRO-1 identified the following material impacts related to workers in the value chain.

All materially affected employees in Bakkafrost's value chain are included in the scope of the disclosure.

The types of employees materially impacted are specified in the descriptions below.

- **Work-related accidents onboard fishing vessels – Potential negative impact**

  Bakkafrost produces its own salmon feed at its feed production facility Havsbrún, and the company's strategy is a high inclusion of marine raw materials in the salmon feed. This strategic priority means that Bakkafrost has a large demand of marine raw materials, and thus, the company's largest suppliers are fishing vessels that harvest marine raw materials used in producing salmon feed at our feed production facility Havsbrún. These raw materials are primarily caught in the waters around the Faroe Islands. The company's demand for these materials inherently involves work that carries health and safety risks, as the nature of fishing onboard vessels is hazardous and prone to workplace accidents.

  The impact relates to the crew onboard the vessels, particularly deckhands, who often operate heavy machinery and work in rough weather conditions. Thus, this impact relates to workers working for entities in Bakkafrost's upstream value chain.

  Incidents can result in serious negative consequences for those affected, such as severe physical or mental injuries. This can, in turn, impact the workers' earning potential for their families and decrease overall well-being.

  The potential negative impact exists, but because of the increased emphasis on health and safety onboard vessels in recent years, the likelihood of accidents has continued to decrease. However, due to the nature of the work, there will always be an inherent risk of accidents occurring. Since Bakkafrost sources marine raw materials from a significant number of vessels, and thus involving a large number of people, we have assessed that accidents (negative impacts) could happen within a short-term time horizon of 0 to 2 years.

  Current individual incidents are not impacting, and are not expected to impact, Bakkafrost's business model, value chain, strategy, or decision-making. However, if these incidents become systemic, the sustainability of sourcing these materials is likely to be scrutinized by Bakkafrost's stakeholders.

  All employees in Bakkafrost's value chain are included in the scope of the disclosure.

  Currently, the impact does not provide guidance or contribute to Bakkafrost's strategic adaptation. However, if the likelihood of this impact becomes systemic or if its severity increases, it will be considered a significant factor in the strategy review process.

  Since the fishing vessels operate in highly regulated areas, particularly in the Nordics, we have determined that there is little to no risk of child labour or forced labour among the crew on board the vessels.

  The impact is covered by ESRS disclosure requirements. Bakkafrost has chosen to exercise the Transitional Provision provided by ESRS to omit this value chain metric, as per ESRS 1 10.2.

The resilience of Bakkafrost's business model to address impacts, risks and opportunities related to workers in the value chain

Bakkafrost has not conducted a quantitative resilience analysis regarding the company's ability to manage the identified material impacts. However, from a qualitative perspective, based on strategic insights and the professional judgment of internal subject matter experts, Bakkafrost demonstrates relatively strong resilience in addressing impacts, risks, and opportunities related to value chain workers. If work-related accidents on fishing vessels were to become a systemic issue, Bakkafrost could smoothly transition to producing feed with a higher inclusion of agricultural commodities, thereby reducing or completely eliminating the need for marine raw materials.

IMPACT, RISK AND OPPORTUNITY MANAGEMENT

S2-1

Our Approach

Bakkafrost has adopted a Group-wide Procurement Policy that aims to establish guidelines for the management of material impacts, risks, and opportunities related to workers in the value chain, including the health and safety of the value chain workers.

The policy outlines that Bakkafrost commits to maintaining a high standard of health and safety in its value chain.

The policy outlines that the company's procurement team is responsible for setting purchasing guidelines that include health and safety-related criteria, including criteria to support a safe working environment. This is enforced through contract requirements and to ensure that suppliers maintain their standards, Bakkafrost monitors and evaluates suppliers' performance.

The policy also outlines the company's responsibility to ensure that all employees involved in the procurement process are trained in health and safety standards and procedures to support implementing these requirements.

Bakkafrost is committed to maintaining internal mechanisms to ensure continuous oversight of policy implementation. As part of this, we have already commenced collecting health and safety data from suppliers.

The Board of Directors holds overall responsibility for policy oversight, ensuring compliance with corporate governance principles and sustainability objectives.

The Chief Executive Officer (CEO) is responsible for implementing and managing this policy, overseeing its execution, and reporting to the Board on actual development related to this policy. The CEO also ensures that procurement and resource management practices align with Bakkafrost's sustainability commitments

The policy is available to the stakeholders responsible for implementing it via our internal intranet, and it is also available on the company's website.

In addition, Bakkafrost has a Supplier Code of Conduct to ensure that suppliers meet the company's standards for ethical and responsible business practices, particularly with regard to value chain workers.

Bakkafrost has also established a Human Rights and Modern Slavery Statement in which the company expresses its commitments and states its expectations to suppliers to comply with human rights standards, including compliance with UN Guiding Principles on Business and Human Rights and the ILO's core conventions. The statement expresses the company's commitment to establishing controls to safeguard against any form of modern slavery, whether within direct operations or in the supply chain. The statement also addresses Bakkafrost's zero-tolerance approach to trafficking in human beings, forced labour and child labour.

The statement does not currently address engagement with value chain workers or how the company provides or enables remedies for human rights impacts.

No cases of non-respect of the UN Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work or OECD Guidelines for Multinational Enterprises involving value chain workers were reported in 2024.

S2-2

Processes for engaging with value chain workers

Engagement with value chain workers is typically indirect using proxies. We engage with our suppliers via a number of means, including pre-contract due diligence, contract meetings, briefings, project progress meetings and any post-supply/contract meetings. Suppliers, in turn, engage with their wider supply chain as part of the project process so that actual and potential impacts can be managed throughout the project. In this way, direct suppliers act as credible proxies so that legitimate representation of value chain workers can be made and their perspectives heard.

At the due diligence stage, if we consider that our suppliers/their suppliers' value chains do not uphold the principles of value chain workers with respect to workers' rights, conditions, and safety, then they will not qualify for further consideration in the tender process.

We engage early in the procurement process, so that our supplier discussions focus not just on the price and timescale but includes the provenance of materials and the actual/potential positive and negative impacts upon workers associated with such sources. We conduct occasional supplier visits to verify working conditions on site and to speak to workers on the shop floor etc.

To ensure value chain worker engagement, all prospective contractors are given a copy of our Supplier Code of Conduct well in advance as part of our procurement onboarding process to determine their ability to adhere to it.
Engagement effectiveness will be gauged by suppliers acknowledging they've read the policy and confirming that they will comply. Signing at the onboarding stage confirms compliance.

Bakkafrost has not yet established methods to understand the perspectives of workers in the value chain who may be particularly vulnerable to impacts.

The Heads of Procurement in Scotland and the Faroe Islands are respectively responsible for ensuring that engagement with value chain workers or credible proxies takes place.

S2-3

Processes to remediate against negative impacts

To ensure that there are no negative impacts on value chain workers Bakkafrost conducts due diligence prior to contracting to ensure that potential suppliers/contractors can adhere to the requirements of our Procurement Policy and Supplier Code of Conduct. In addition, throughout the period of a contract Bakkafrost ensure that all contractual obligations are adhered to avoid negative impacts on value chain workers. If, during the period of the contract, there are believed to be possible impacts on value chain workers, this would be deemed as a contractual breach. In such circumstances, we would have the right to cancel the contract if issues were highlighted with value chain workers' protections.

Bakkafrost has implemented a mechanism that allows value chain workers and other external stakeholders to raise concerns through our complaints process, which is detailed on our website.

All concerns raised are filed and responded to promptly. Bakkafrost currently does not involve stakeholders, including value chain workers, in assessing their awareness of the mechanism or in reviewing its effectiveness.

Bakkafrost has policies in place regarding the protection of its own workers using these mechanisms against retaliation, but this does not cover value chain workers or other stakeholders.

By referencing international human rights standards in our Procurement Policy and our Supplier Code of Conduct, we communicate our expectations to suppliers, encouraging them to establish similar mechanisms that enable their employees and their value chain workers to raise concerns.

S2-4

Actions

Bakkafrost has not created a formal action plan to address impacts, risks and opportunities related to value chain workers. However, Bakkafrost has standards that we expect contractors to follow, including respect for international human rights and avoiding modern slavery.

Bakkafrost responds to the potential impacts by focusing on working conditions at supplier factories and vessels (potentially including site visits) to ensure proper working conditions.

Bakkafrost has experience in conducting due diligence during the contract tender process, which has revealed potential significant impacts on value chain workers. To address these actual impacts, Bakkafrost has previously disqualified certain suppliers from participating in the tender process. This approach will be followed whenever there are potential negative impacts on value chain workers.

Additionally, Bakkafrost identifies the necessary actions to take in response to actual or potential negative impacts as part of the company's materiality assessment.

Bakkafrost adheres to all contractual and legal obligations regarding the treatment of value chain workers to ensure that fundamental human rights are protected and that value chain workers operate in a safe and healthy environment at all times.

In the event of a severe human rights issue or an incident connected to our upstream or downstream value chain, we will fully disclose it via the appropriate channels and authorities.

Bakkafrost has a dedicated Procurement Team responsible for contract due diligence, supplier audits, contract adherence and supplier approval and onboarding.

METRICS AND TARGETS

S2-5

Targets

To achieve the company's objective of supporting responsible and ethical working conditions, Bakkafrost has set targets for the health and safety of value chain workers. This target is part of its Procurement Policy, which states that Bakkafrost will:

- **Only purchase from suppliers compliant with international human rights**
  Because a safe workplace is addressed both by the International Labour Organization (ILO) as well as in the United Nations Guiding Principles on Business and Human Rights (UNGP), the target can be said to indirectly be part of Bakkafrost's efforts to drive and measure progress in addressing the material negative impact identified for workers in the value chain.

  The target is a rolling target with no baseline value or base year. The target addresses Bakkafrost's upstream and downstream value chains.
  We have not made any progress on the target yet as it was only established in late 2024.

  Bakkafrost established this target based on an internal evaluation of key performance indicators that demonstrate progress in sustainability.
  The company did not engage directly with workers in the value chain in setting the target.

S3 Affected Communities

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ESRS 2 SBM-3
MATERIAL IMPACTS, RISKS AND OPPORTUNITIES IN RELATION TO AFFECTED COMMUNITIES

AFFECTED COMMUNITIES – MATERIAL IMPACTS, RISKS AND OPPORTUNITIES				Location in value chain			Time horizon		
				Upstream	Own operation	Downstream	Short-term (0-2 years)	Medium-term (3-5 years)	Long-term (+6 years)
ESRS sub-topic (AR 16)	ESRS sub-sub-topic (AR 16)	Impact/Risk/Opportunity (IRO)	Type						
Entity-specific	Entity-specific	Creating lasting positive impact for rural communities through job creation	Actual positive impact		•		In the current reporting period		
Rights of Indigenous peoples	Free, prior and informed consent	Loss of land rights	Potential negative impact	•				•	

ESRS 2 SBM-3

IMPACTS, RISKS AND OPPORTUNITIES RELATED TO AFFECTED COMMUNITIES

The materiality assessment described in disclosure requirement IRO-1 identified the following material impacts related to affected communities.

All materially affected employees in Bakkafrost's value chain are included in the scope of the disclosure.

The types of communities materially impacted and the scope of the disclosures are specified in the descriptions below.

- **Creating lasting positive impact for rural communities through job creation – Actual positive impact**
  Bakkafrost raises salmon in the fjords of the Faroe Islands and the lochs along the west coast of Scotland. These farms are often situated in remote rural communities where job creation is typically challenging. In addition to salmon farming, Bakkafrost operates several hatcheries and processing facilities in these isolated areas.

  As a result, Bakkafrost positively impacts the local communities by creating jobs that offer high security and stable income for families. Furthermore, the company supports local economies by sourcing from local suppliers and contributing to local tax revenues through both its operations and employee salaries.

  The impact relates to the Freshwater segment, the Farming segment, and the Services segment.

  Bakkafrost's strategy is to take advantage of the favourable conditions provided by the North Atlantic Ocean for farming Atlantic salmon. As a result, operating in rural communities is central to the company's strategy.

  The positive impact occurs across all timescales, and its current effect on the business and decision-making can be linked to the actual and potential goodwill it creates in the community. We recognise our role in supporting local communities and prioritise focusing on rural economies.

  The benefits from the positive impact have reduced since the last reporting year due to the closure of the Marybank processing plant in the Western Isles as well as the Arnish harvesting and the Harris and Lewis smokehouse, which directly affected around 80 employees.

  The impact relates to rural communities, often focused on those located near Bakkafrost's operational sites and factories. Many employees recruited by the company already reside in these areas. Furthermore, the impact also extends to entire regions, as the economic benefits can positively influence larger surrounding areas through Bakkafrost's purchase of goods and services both in the upstream and downstream value chain.

  Although Bakkafrost has a significant impact on affected communities, its disclosures about this impact only cover areas where it has a direct influence, such as salary payments. Bakkafrost has chosen to limit these disclosures to direct impacts that can be clearly identified, acknowledging that the overall effect of its operations on communities can be challenging to quantify.

  The impact is partially covered by ESRS disclosure requirements, and Bakkafrost uses entity-specific metrics to describe the impact.

- **Loss of land rights – Potential negative impact**
  Bakkafrost sources agricultural commodities such as soy for feed production. The company has a potential negative impact on the people in the communities where the commodities are produced. This is due to the potential involvement of Bakkafrost's suppliers in the conversion of privately owned land, which can lead to the displacement of small-scale farmers and indigenous people.
  The impact relates to Bakkafrost's Fish Meal, Oil and Feed (FOF) segment and is considered to be related to individual incidents.

  If no mitigation actions were in place, the potential impact would be expected to occur within the medium term (3-5 years) as the demand for agri-commodities, particularly soy continues to increase due to population growth, and more land is needed to ramp up the production volumes.

  This potential impact influences and shapes Bakkafrost's strategy. A clear example of this is the company's commitment to sourcing agricultural commodities for its feed production that are certified to standards, which include human rights-related requirements. For instance, Bakkafrost obtains Proterra-certified soy, which often comes at a higher cost. This approach is intended to mitigate the risk of negative effects on local communities and safeguard the company's brand reputation.

  The impact is partially covered by ESRS Disclosure Requirements. Bakkafrost reports entity-specific quantitative metrics to describe the mitigation actions in place to prevent loss of land rights and other community-related impacts caused by the sourcing of agri-commodities, including the share of soy purchased in the reporting year that was certified to Proterra or similar certification. This metric can be found within the Biodiversity section of this report. Bakkafrost also reports the percentage of cases in which it complied with its internal requirement to ensure 100% Free, Prior, and Informed Consent (FPIC) for new acquisitions, developments, and operations.

The resilience of Bakkafrost's business model to address impacts, risks and opportunities related to affected communities

Bakkafrost has not conducted a quantitative resilience analysis regarding its ability to manage the identified material impacts. However, from a qualitative perspective, the company's strong financial position suggests that it is well-equipped to continue investing in job creation in remote areas. This is exemplified by the current construction of a new state-of-the-art freshwater facility in Skálavík, a village in the Faroe Islands with a population of approximately 150 people.

Additionally, the company's financial strength supports its ongoing initiative to source certified agricultural commodities, even at a premium cost.

IMPACT RISK AND OPPORTUNITY MANAGEMENT

S3-1

Our Approach

Bakkafrost has adopted a Group-wide policy on Engagement with Affected Communities. The objective of this policy is to outline the approach for managing the impacts, risks, and opportunities related to communities affected by Bakkafrost's direct and indirect activities. This includes considerations for job creation in rural communities and the potential loss of land rights for local people concerning commodity sourcing.

As the largest private employer in the Faroe Islands and among the large employers in the Outer Hebrides in Scotland, Bakkafrost recognises its responsibility to create a lasting positive impact for these communities. To support our efforts in this regard, Bakkafrost has committed to mapping all communities affected by the company's direct operations and material communities in the upstream value chain. This will help us adopt an efficient approach going forward, focusing on material impacts.

Bakkafrost has also committed to continuously striving to create job opportunities in local areas and foster local supply chain growth through procurement from local suppliers.

The Board of Directors holds overall responsibility for policy oversight, ensuring compliance with corporate governance principles and sustainability objectives.

The Chief Executive Officer (CEO) is responsible for implementing and managing this policy, overseeing its execution, and reporting to the Board on actual development related to this policy. The CEO also ensures that procurement and resource management practices align with Bakkafrost's sustainability commitments.

Bakkafrost recognises its potential indirect impact on Indigenous people by sourcing agricultural commodities. Thus, as part of the policy, Bakkafrost has committed to secure Free, Prior and Informed Consent (FPIC) of affected communities and Indigenous people as outlined by the Accountability Framework in relation to any activity that may affect communities' rights, land, and resources, territories, livelihoods, and food security.

Bakkafrost is committed to incorporating human rights considerations into its due diligence processes to identify and evaluate the company's engagement with affected communities. Although the policy is not explicitly aligned with internationally recognized human rights standards, our policy on Human Rights and Modern Slavery adheres to these recognized standards. This policy serves as the foundation for how Bakkafrost addresses human rights issues, and therefore, the policy on affected communities can be said to be indirectly aligned with internationally recognised standards.

Recognising its vital role in the local communities where Bakkafrost operates, the engagement policy outlines Bakkafrost's priority to engage with affected communities to enhance transparency on the company's activities.

Through its community engagement policy, Bakkafrost commits to ensuring proper remedies for communities directly affected by its operations. The company pledges to develop specific action plans to reduce the severity and duration of negative impacts and to prevent future occurrences.

Bakkafrost monitors the implementation and effectiveness of the policy by tracking progress against the targets established in the policy. The policy describes the various monitoring mechanisms we have and/or intend to establish in relation to FPIC processes, where we will follow the monitoring procedures as described in the FPIC standard, investment and procurement in the local communities where Bakkafrost operates by recording the monetary amounts in our Enterprise Resource Planning (ERP) systems. Additionally, we set up feedback mechanisms to allow stakeholders from affected communities to share their views related to visits and public hearings.

In addition, FPIC processes and human rights due diligence are integrated into the certifications we use for procuring agricultural products. For example, FPIC and human rights are included in the Proterra standard, requiring suppliers to meet the related requirements outlined in the standard.

In 2024, no cases of non-respect of internationally recognised human rights standards involving affected communities have been reported in the company's own operations or in Bakkafrost's wider value chain.

The policy is made available to all relevant internal and external stakeholders via Bakkafrost's internal intranet and the company's website.

S3-2

Processes for engaging with affected communities about impacts

Bakkafrost actively engages with affected communities at various stages, including the planning, implementation, and evaluation phases of its operations and larger projects.

During the planning phase of major projects, Bakkafrost is committed to providing affected communities with an opportunity to express their opinions. This engagement typically occurs through public hearings, which facilitate direct interaction with community members. Additionally, we hold open-day events and participate in various industry gatherings, allowing community members to observe Bakkafrost's operations firsthand and communicate directly with our Directors.

Bakkafrost also collaborates with credible proxies, such as local politicians, mayors, local councils, and other key decision-makers, to engage with affected communities. This engagement is required by various industry standards and certifications. The input gathered from these discussions informs our evaluations and helps guide future decisions and activities.

An important source of information for understanding Bakkafrost's impact on affected communities is the double materiality assessment, where we also engage with credible proxies. Feedback from these engagements is recorded and helps identify topics that are material for Bakkafrost, which should be included in our reports.

For the 2023 double materiality assessment, Bakkafrost directly engaged with approximately 20 stakeholders from affected communities, including mayors and local councils, who are viewed as credible proxies.

Bakkafrost has recognized that Indigenous peoples are among the stakeholders who may be indirectly affected by the company's operations. Recently, Bakkafrost adopted a policy

that emphasises the importance of ensuring these people's right to free, prior and informed consent.
As this policy is still new, Bakkafrost plans to implement and incorporate these measures into its practices in the near future.

Currently, Bakkafrost has not identified any other communities that may be particularly vulnerable to the impacts of its operations.

Ultimately, the CEO is responsible for ensuring that community engagement is conducted effectively and that the feedback received informs our decision-making processes. The Group Sustainability Director and the Group QESH Director have the operational responsibility for overseeing community engagement.

The results of these engagements are continuously recorded internally and are reported publicly in our annual report.

S3-3

Processes to remediate negative impacts

Bakkafrost's approach to providing or contributing to effective remedies for affected communities is based on continuous and transparent dialogue with the communities in which it operates directly or indirectly.

Bakkafrost is committed to providing proper and direct feedback mechanisms for external stakeholders to raise concerns. The company has a channel on its website where everyone, including people from affected communities, can file a complaint, raise a concern, or make a general enquiry. This mechanism has been established by the company itself.
All concerns raised are filed and responded to promptly.

Bakkafrost currently does not engage stakeholders from affected communities to evaluate the effectiveness of its communication channels. Additionally, the company does not assess whether these communities know and trust the company's structures and processes for raising their concerns.

Bakkafrost has policies in place regarding protecting its own workers using these mechanisms against retaliation, but this does not cover other stakeholders using these mechanisms.

S3-4

Actions

At Bakkafrost, we recognize the important role our company plays in supporting societal development through job creation, and we are committed to maintaining ongoing value creation.
During the reporting period, Bakkafrost has undertaken several actions to generate positive impacts for the communities affected by our operations and to prevent or mitigate any negative consequences. Key actions include the following:

- **Further job creation in remote locations due to production increase**
  Bakkafrost plans to increase the production output significantly in the mid- and long-term, resulting in further job creation in remote areas. This relates to the feed, freshwater and marine segments.

  Concrete projects to be mentioned are the construction of a new freshwater facility in Skálavík, Faroe Islands, which will generate approximately 30 new jobs, the expansion of the feed facility Havsbrún in Fuglafjørður, Faroe Islands, which is also expected to create more jobs, and the construction of the next large hatchery in Scotland, which is expected to create around 35 specialist jobs as well as supporting the wider supply chain.

  The two projects in the Faroe Islands have already commenced construction and are well underway, while the next large hatchery in Scotland is still in the planning stage.

  The construction projects are expected to be completed within the medium term.

  Bakkafrost operates according to its 2024-2028 6.3BN DKK investment plan, with approximately 2.5 billion DKK allocated to Freshwater, 1.5 billion DKK to Marine farming, and 500 million DKK to the Feed segment. While these amounts may also cover investments in other activities, most of the amount is associated with the mentioned projects.

- **Adopting a new policy on engagement with affected communities**
  In 2024, Bakkafrost decided to prioritise the prevention and mitigation of negative impacts on affected communities by adopting a new policy on community engagement. This policy aims to establish robust procedures to ensure that Bakkafrost respects and upholds the human rights of affected communities, with particular emphasis on Indigenous peoples.

  The approval of this policy marks a significant step towards conducting thorough due diligence throughout Bakkafrost's value chain, including a formal assessment of the impacts, risks, and opportunities related to affected communities.

  This policy is ambitious, and we anticipate spending the next few years implementing it effectively. We will establish robust procedures to gain a comprehensive understanding of how the company's activities affect these communities. We will focus on mapping all communities directly affected by Bakkafrost's operations and those materially impacted in the upstream value chain. This mapping will be essential for conducting comprehensive and continuous due diligence, allowing us to identify and adopt best practices in managing material impacts, risks, and opportunities. Once this has been established, we will look into establishing processes to identify which actions are needed in response to particular impacts.

  We have initiated several other community-related initiatives throughout the year, including open days, school visits and participation in industry events and fairs. These efforts aim to create transparency in our company's operations and to inform stakeholders about what we do.

  In 2024, we launched a significant initiative to provide relief to the affected community of Fuglafjørður, Faroe Islands, by installing industrial air pollution control systems (scrubbers) at our feed production site, Havsbrún. These systems effectively eliminate unpleasant odours produced in feed production. For several years, these odours have negatively impacted the town and its residents. Through this investment, Bakkafrost is committed to addressing and mitigating this issue.

  The capital expenditure (CAPEX) associated with this initiative is not publicly disclosed.
  As this matter primarily pertains to pollution, a detailed discussion can be found in the Pollution section of this report.

  Bakkafrost has dedicated staff resources to manage initiatives for affected communities, with additional staff and financial resources allocated through specific projects, such as those mentioned above.

METRICS AND TARGETS

S3-5

Targets

To enhance Bakkafrost's positive contribution to local communities through job creation, the company has set a target to:

- **Source at least 60% of all goods and services from local suppliers annually**
  The target is a relative rolling target, measured in monetary value and does not have a baseline value or a base year. It applies to all internal stakeholders involved in purchasing decisions.

  In 2024, Bakkafrost sourced 63% of its supplies from local suppliers, continuing a trend from previous years where over 60% of purchased goods and services came from local sources.

  To support its commitment to local value creation, Bakkafrost has set a target to:

- **Allocate a minimum of 3 million DKK each year from the company's Healthy Living Fund to support local initiatives in the Faroe Islands and Scotland**
  This target is absolute, measured in monetary value, and the Healthy Living Committee, responsible for distributing the funds, will oversee it. No baseline year or baseline value has been determined for this target.

  In 2024, Bakkafrost provided support to local initiatives totalling 3.9 million DKK.

  To continuously prevent and mitigate negative impacts on affected communities, the company has established targets to:

- **Securing Free, Prior, and Informed Consent (FPIC) for 100% of new acquisitions, developments, or operations.**
  This is an open-ended target which applies from 1. January 2025. The target relates to the company's direct operations.

Bakkafrost has established these targets based on an internal evaluation of key performance indicators that demonstrate and indicate progress in sustainability.

The company did not engage directly with affected communities in setting the targets.

ENTITY-SPECIFIC / GRI 204-1

Socio-economic benefits

1 January 2024 – 31 December 2024

	Unit	Target	2024	2023
Donations from the Healthy Living Fund	mDKK	> 3	3.9	4.5
Percentage of products and services purchased locally	%	> 60 % annually	66	70
Salaries and employee taxes	mDKK	-	882	863
Securing Free, Prior, and Informed Consent (FPIC) for new acquisitions, developments, or operations		100% annually	Target not in force and monitoring not established	Target not in force and monitoring not established

ESRS 2 MDR-T
ACCOUNTING POLICIES

ESRS Disclosure Requirement	Paragraph	Target / Data point	Accounting policy
All		All	All metrics cover the reporting period 1 January 2024 – 31 December 2024 No external body other than the assurance provider has provided validation for the following metrics.
Entity specific		Donations from the Healthy Living Fund	Stakeholders who represent community groups, charities, schools, societies, and not-for-profit organisations can apply for funding from the Healthy Living Fund in the Faroe Islands and Scotland. Bakkafrost does not consider applications to the fund which support political causes, travel expenses, any replacement of national health services, third-party fundraising (for example for another company). There have been no changes in this target, or to its underlying metrics, during the reporting year.
GRI 204-1		Products and services purchased locally	Definition of 'locally': Purchasing from a tier 1 supplier who is located in the same country as the Bakkafrost unit procuring the product or service. The calculation includes all purchases made during the reporting year. There have been no changes in this target, or to its underlying metrics, during the reporting year.
Entity specific		Salaries and employee taxes	Total salaries and employee taxes that Bakkafrost paid in the reporting year to employees. ‘Employee taxes’ covers all contributions paid by Bakkafrost on behalf of its employees such as health insurance/National Health Service, maternity/paternity pay, unemployment insurance, labour market pension fund, mandatory pension contribution, and broadcast receiver license. There have been no changes related to this metric during the reporting year.
Entity specific		Securing Free, Prior, and Informed Consent (FPIC) for new acquisitions, developments, or operations	Bakkafrost uses the definition of Free, Prior and Informed Consent of Local Communities and Indigenous Peoples as outlined by the Accountability Framework in the ‘Operational Guidance on Free, Prior and Informed Consent (Table 1)’. Any new acquisitions, developments, or operations that may affect communities’ rights, land, resources, territories, livelihoods, and food security are eligible and are included in the calculation.

S4 Consumers and end-users

List of disclosure requirements		Page reference
S4 – Consumers and end-users		
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	190
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S4-4	Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	193
S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	194

ESRS 2 SBM-3

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES IN RELATION TO CONSUMERS AND END-USERS

				Location in value chain			Time horizon		
CONSUMERS AND END-USERS – MATERIAL IMPACTS, RISKS AND OPPORTUNITIES				Upstream	Own operation	Downstream	Short-term (0-2 years)	Medium-term (3-5 years)	Long-term (+6 years)
ESRS sub-topic (AR 16)	ESRS sub-sub-topic (AR 16)	Impact/Risk/Opportunity (IRO)	Type						
Personal safety of consumers and/or end-users	Health and Safety	Healthy nutrition	Actual positive impact			•	In the current reporting period		
Personal safety of consumers and/or end-users	Health and Safety	Food contamination	Potential negative impact			•	•		
Personal safety of consumers and/or end-users	Health and Safety	Promote certifications and transparency on production methods	Opportunity			•	•	•	•
Personal safety of consumers and/or end-users	Health and Safety	Benefit from salmon's low water footprint compared to other food sources	Opportunity			•		•	

ESRS 2 SBM-3

IMPACTS, RISKS AND OPPORTUNITIES RELATED TO CONSUMERS AND END-USERS

The materiality assessment described in disclosure requirement IRO-1 identified the following material impacts and opportunities related to consumers and end-users.

The descriptions below specify the types of employees materially impacted and the scope of the disclosures.

- **Producing and distributing nutritious animal protein to markets – Actual positive impact**
  Bakkafrost contributes to global health and nutrition by producing and distributing Atlantic salmon, a high-quality source of healthy animal protein. Salmon is rich in essential nutrients, including omega-3 fatty acids, high-quality proteins, vitamins (D, B12), and minerals (selenium, iodine), which support overall health, brain function, and cardiovascular health.

  In recent years, salmon has been included in various dietary guidelines developed and published by government agencies that provide advice on maintaining a healthy diet and lifestyle. These include guidelines published by the Nordic Council of Ministers, Australia, Belgium, Denmark, Germany, Qatar and Sweden.

  This impact relates to Bakkafrost's downstream value chain, including consumers and end-users.

  Since stocks of wild-caught fish are already utilised to their maximum (FAO: Creating a Sustainable Food Future, World Resource Institutes, 2018) combined with population growth resulting in increased demand for protein, Bakkafrost will continue to build its strategy on this positive impact and even aims to increase volume outputs going forward.

  All consumers and end-users affected by this impact are included in the scope of the disclosure. The consumers and end-users impacted cannot be specifically identified, as Bakkafrost salmon is accessible to a broad range of populations. However, due to its fairly high price point, salmon might be more accessible to people with a higher income.

  Bakkafrost salmon is mostly sold in Europe, so this impact relates mostly to European consumers and end-users.

  The impact is covered by ESRS disclosure requirements. Bakkafrost has chosen to report additional entity-specific metrics related to nutrition.

- **Food contamination – Potential negative impact**
  Since Bakkafrost produces food for human consumption, the company has an inherent potential negative impact on its consumers and end-users through the possibility of causing food contamination. Salmon can be contaminated with bacteria such as Listeria or Escherichia coli during handling, processing, or packaging, and it can also be contaminated with various chemicals or foreign physical objects. This can lead to both temporary and long-term health issues for consumers and end-users.

  This impact relates to Bakkafrost's downstream value chain, and the impact can be expected to occur within the short-term time horizon (0-2 years), especially if no or limited prevention measures are in place at the production sites.

  To reduce the risk of harming consumers who purchase Bakkafrost's salmon and to protect the brand from potential damage caused by such incidents, Bakkafrost has implemented several prevention and mitigation measures, particularly in the processing segment of the value chain. These measures include rigorous traceability protocols and stringent hygiene procedures.

  All consumers and end-users affected by this impact are included in the scope of the disclosure.

  The impact is considered related to individual incidents, as opposed to systemic impacts.

  The specific consumers and end-users impacted by potential food contamination from Bakkafrost salmon cannot be precisely identified, as the product is accessible to a broad range of populations. However, due to its relatively high price point, it may be more accessible to individuals with higher income levels.

  Bakkafrost salmon is predominantly sold in Europe, meaning the primary impact is mostly related to European consumers and end-users.
  Consumers and end-users who are at heightened risk of being materially impacted in the event of food contamination include those with pre-existing health vulnerabilities or weakened immune systems. For these individuals, the consequences of such events could be significantly more severe, potentially resulting in serious health complications or exacerbating existing conditions.

  The impact is covered by ESRS disclosure requirements. Bakkafrost reports an additional entity-specific metric of 'number of product recalls'.

- **Promote certifications and transparency on production methods – Opportunity**
  Bakkafrost recognises the potential benefits of obtaining certification against sector standards, such as the Aquaculture Stewardship Council (ASC), and promoting product transparency, including the health benefits of consuming salmon. Achieving certification that endorses responsible practices is considered best practice and can help expand Bakkafrost's market reach.

  This opportunity relates to increased demand for Bakkafrost's products in the downstream value chain, and it partially arises from the healthy impacts on consumers and end-users that Bakkafrost supports through producing and distributing salmon. The opportunity is relevant across all time horizons.

  To capitalise on this opportunity and meet customer and stakeholder demands, Bakkafrost has adopted a strategy of obtaining several certifications across its value chain. The primary certification is from the Aquaculture Stewardship Council, which focuses on the farming stage of the business. This certification is currently being extended to include feed production, with the aim of certifying Bakkafrost's own feed production facility. Other certifications include Global G.A.P. and RSPCA.

  While significant costs are associated with obtaining these certifications—both in terms of working hours and direct certification fees, securing these certifications is integral to Bakkafrost's core strategy.
  Assessing the current financial impact of these certifications is challenging, as it is difficult to determine what portion of the price that Bakkafrost receives for its salmon is attributable to belonging to a particular certification program. However, as customers increasingly demand transparency regarding food production methods, Bakkafrost anticipates gaining financial benefits from providing comprehensive product information and obtaining these certifications in the future.

  Bakkafrost has not yet analysed the anticipated financial effect of this risk and thus opts for the option to omit the information prescribed by ESRS 2 SBM-3 paragraph 48(e).
  Predicting the financial impact of changes in consumer demand involves significant uncertainty; thus, the opportunity has been assessed to potentially occur at various time scales.

  The financial resources required to implement this opportunity are available within Bakkafrost's own budget.

  The opportunity is partially covered by ESRS disclosure requirements. In the Governance Information section under Animal Welfare, we report the percentage of the harvested volumes originating from an ASC-certified site.

  The opportunity specifically relates to so-called conscious consumers, who focus on purchasing products produced responsibly. While conscious consumerism is not limited to any specific age group, it tends to resonate more with certain demographics, particularly Millennials (born between 1981 and 1996) and Gen Z (born between 1997 and 2012). These groups emphasize sustainability, ethical labour practices, and brand transparency when making their purchasing decisions. However, older generations are also showing an increasing interest in conscious consumerism.

- **Benefit from salmon's low water footprint - Opportunity**
  In a green economy where the demand for resource-efficient products is rising, Bakkafrost has identified a financial opportunity to leverage the low water footprint of salmon, enhancing its market position.

This opportunity is present in Bakkafrost's downstream value chain, particularly among consumers and end-users, and the company is expected to benefit from this opportunity in the medium-term time horizon (3 to 5 years).
The opportunity has arisen because Bakkafrost's products offer a beneficial alternative for those looking to make environmentally positive choices through their daily purchases. Recognising this positive environmental impact, Bakkafrost is committed to continuously developing its marine operations. This strategic focus is based on a conscious, value-driven assessment of utilising nature-given resources to provide animal protein for human consumption with minimal environmental impact. Thus, the opportunity can be said to be directly linked to Bakkafrost's business model, strategy, and decision-making.

Bakkafrost is actively responding to the opportunity presented by salmon's low water footprint. We engage in ongoing conversations with customers and provide various marketing materials for consumers and end-users that highlight this aspect. We expect that the emphasis on this topic will continue to grow in the coming years.

Bakkafrost has not investigated the current actual financial effects of this opportunity, and we expect it to be challenging to quantify the exact effect in monetary amounts. However, we expect to include this topic in various customer surveys going forward.

Bakkafrost has not yet analysed the anticipated financial effect of this risk and thus opts for the option to omit the information prescribed by ESRS 2 SBM-3 paragraph 48(e).

The opportunity potentially relates to all types of consumers and end-users, but the financial effect is identified to specifically relate to so-called conscious consumers. These are described in more detail in the opportunity disclosed prior to this opportunity.

The opportunity is covered by ESRS disclosure requirements, and all consumers and end-users are included in the scope of the disclosures.

The resilience of Bakkafrost's business model to address impacts, risks and opportunities related to consumers and end-users

Bakkafrost has not performed a quantitative resilience analysis to evaluate its ability to manage the identified material impacts. However, from a qualitative standpoint, the company is assessed to be well-positioned to handle most of the impacts, risks, and opportunities related to consumers and end-users.

As the UN and other recognised organizations, along with national dietary guidelines, increasingly highlight aquaculture products, including salmon, as beneficial for health and climate, the demand for salmon is expected to be at least maintained and could even see significant growth. By utilizing idle farming licenses and obtaining new licenses in the Faroe Islands and Scotland, combined with the company's strong financial position, Bakkafrost is set to increase its annual production.

The company's financial health, along with years of experience, allows it to produce food safely and responsibly. This is achieved through strict hygiene protocols and ongoing certification audits, which enhance Bakkafrost's appeal to consumers.

IMPACT RISK AND OPPORTUNITY MANAGEMENT

S4-1

Our Approach

The Bakkafrost Quality and Food Safety Policy guides the company's approach to ensuring that the company produces healthy food which is completely safe for consumers to eat.

The policy relates to the impacts, risks, and opportunities related to the safety and nutrition of Bakkafrost's products. It underpins Bakkafrost's commitments to maintain consistently high product quality, ensure that the products are high in Omega 3, and ensure that all products will be produced in a safe and hygienic manner by staff who are fully aware of their responsibilities and who are appropriately trained.

The policy also includes commitments to obtain and maintain certifications for farming and processing operations, as well as securing full traceability of our products.

The policy covers the company's entire direct operations and does not cover the company's downstream value chain, including consumers and end-users.

As Bakkafrost's material impacts, risks and opportunities related to consumers and end-users are not related to human rights, the policy does not address any human rights-related commitments and has not been aligned with internationally recognized human rights.

The Board of Directors holds overall responsibility for policy oversight, ensuring compliance with corporate governance principles and sustainability objectives.

The Chief Executive Officer (CEO) is responsible for implementing and managing this policy, overseeing its execution, and reporting to the Board on actual development related to this policy. The CEO also ensures that procurement and resource management practices align with Bakkafrost's sustainability commitments.

To support the company's commitment to industry standards, the policy references the Global Food Safety Initiative, which guides Bakkafrost in selecting appropriate certifications for its processing segment. Specifically, the policy highlights the BRCGS Global Food Safety Standard and the IFS as key standards that Bakkafrost uses to maintain a high-quality benchmark.

Bakkafrost actively monitors the implementation of its quality control policy by employing staff dedicated to full-time oversight. This includes sampling the nutritional values of the salmon, testing for bacteria, and identifying potential foreign objects in the products. Bakkafrost also employs staff working with compliance against various standards, including the ASC standard and various food safety standards.

Bakkafrost's Freshwater Use Policy guides Bakkafrost's approach to support practices that enable the company to benefit from salmon's low water footprint. This includes a commitment to reusing freshwater, which helps maintain a low freshwater footprint overall.

Details regarding Bakkafrost's Freshwater Use Policy can be found under the 'Water and Marine Resources' section in the Environmental Information part of this report.

S4-2

Processes for engaging with consumers and end-users about impacts

Bakkafrost values close and direct dialogue with its customers and receives both negative and positive feedback. Among the quantitative measures we use to gauge customer and end-user satisfaction with Bakkafrost are surveys, net promoter scores (NPS), and customer ratings. These tools help us continuously improve our services and meet the needs of our valued customers.

Consumers and end-users can file complaints in writing through our website, which has dedicated mechanisms for this purpose.

Key annual customer engagement events for Bakkafrost include seafood fairs held globally, such as in Barcelona, Spain; Boston, USA; and Qingdao, China. These events allow us to engage directly with many of Bakkafrost's business-to-business customers.

The Bakkafrost Sales Director has operational responsibility for ensuring this engagement happens and that the results inform Bakkafrost's strategy going forward.

S4-3

Processes to remediate negative impacts

Bakkafrost has channels on its website, established by the company itself, where consumers and end-users can raise concerns or needs directly with the company, including a general contact form and a form to file complaints.

Bakkafrost has set up processes to ensure that customer and end-user feedback related to product health and safety, product quality and nutrition received through the mentioned channels is assessed and managed. The sales department assesses the impacts and decides on appropriate remedies. The sales department is also responsible for assessing whether the remedies provided are effective. This is typically measured through the customer rating, the net promoter score, and continuous customer dialogue.

Bakkafrost does not explicitly endorse or mandate that companies with which it has a business relationship have channels for customers to raise concerns. However, we consider this a good practice.

Bakkafrost does currently not assess if consumers and end-users are aware of the available channels to raise concerns, and the company does not have policies in place to protect individuals from retaliation when they use Bakkafrost's channels.

S4-4

Actions

The identified impacts, risks, and opportunities associated with consumers and end-users are closely related to Bakkafrost's primary business of producing and distributing salmon. Consequently, managing these aspects is essential to the company's operations, with many measures integrated into daily routines.

During the reporting period, Bakkafrost has implemented various initiatives to tackle the impacts, risks, and opportunities connected to these issues. Key actions include the following:

- **Advocating for salmon as a healthy and resource-efficient animal protein**

  Bakkafrost, directly and indirectly, promotes salmon's environmental benefits and the importance of salmon in a healthy diet by actively marketing salmon's benefits to customers and by participating in various industry organizations and standards.

  As one of the founding members of the Global Salmon Initiative (GSI), Bakkafrost utilises this initiative to advocate for salmon as a source of healthy animal protein.

  In 2024, GSI engaged with the Food and Agriculture Organization (FAO) of the United Nations (UN), submitting comments on the topic: How can the hidden costs and benefits of agrifood systems be effectively incorporated into decision-making for transformation?

  GSI also participated in stakeholder consultations for the 2025 UN Ocean Conference and signed onto a Food is Medicine (FIM) U.S. Congressional Letter, showing policymakers that the industry is supportive of nutrition research and the growing FIM movement, which emphasises nutritional interventions to prevent disease and advance health equity.

  Bakkafrost also continuously promotes its salmon's unique selling points to customers in its own marketing material. These selling points include salmon's low environmental footprint, including its low water footprint.

- **Ongoing hygiene action plans**
  Bakkafrost has continuous hygiene action plans in place, specifically for processing operations, where there is a heightened risk of food contamination, including Listeria and Escherichia coli.

  Samples are taken each day to map any areas in the processing facility that need special focus. Through this comprehensive monitoring, action plans are developed and updated.

  The action plans are crucial for managing the potential negative impacts on consumers and end-users, and significant financial resources have been allocated to every Bakkafrost processing site in the Faroe Islands and in Scotland. This investment includes staff supervising operations and taking samples, cleaning teams, and procuring hygiene-related equipment.

  Bakkafrost has had good hygiene performance over the last many years demonstrated by negative equipment hygiene swabs, HACCP plans, dummy recalls, good micro results on fish and the occasional non-conformance being returned to compliance through thorough investigation and corrective actions.

- **Enhancing the availability of traceability information**
  Bakkafrost does not currently have an action plan in place for pursuing this identified opportunity. However, we are continuously working on improving the customer experience and are looking into further improving the availability of information regarding traceability and production methods.

  Through memberships of various initiatives and standards, we are working jointly with other companies in the sector to enhance the transparency of production methods. The Aquaculture Stewardship Council (ASC), which Bakkafrost is committed to being certified against, plays an important role in this work, and the continuous effort in improving traceability is demonstrated through its recent release of the ASC Feed Standard, which focuses on advancing transparency on the production of feed and particularly the ingredients needed to produce it. Bakkafrost is working on acquiring this new certification for its feed operations at Havsbrún.

Bakkafrost expects its participation in and contribution to standards and initiatives that promote transparency as an ongoing requirement for selling salmon to the markets and potentially enabling the possibility of achieving a premium price.

Bakkafrost already has 100% of its marine farms in the Faroe Islands ASC-certified, and the company expects to have its marine sites in Scotland and its feed facility ASC-certified within the short-term time horizon.

Bakkafrost allocates significant financial resources every year on initiatives aiming at promoting transparency, including certifications. However, we do not have full traceability of the expenses related to this initiative.

Bakkafrost regularly receives updates from certification bodies and other business initiatives regarding their effectiveness in providing customers with greater transparency.

Bakkafrost has implemented ongoing internal biological risk assessment processes to identify, evaluate, and determine appropriate mitigation actions in response to actual or potential negative impacts on consumers and end-users. Weekly meetings are held to update the risk register and to discuss necessary actions.

In the event of significant incidents, the risk process also includes a requirement to assess the effectiveness of the remedies provided.

In 2024, Bakkafrost had no impacts on consumers or end-users that required remedy.

METRICS AND TARGETS

S4-5

Targets

The company has set targets related to product quality and safety to support the implementation and achievement of the Bakkafrost Quality and Food Safety Policy's objectives. The targets specifically relate to food safety, customer satisfaction, and general engagement with customers regarding sustainability.

Bakkafrost has set a target to:

- **Have high protein levels with average above 19g/100g**
  To support the objective of producing healthy salmon, we have set a target that the salmon produced should, on average, be above 19 grams of protein per 100 grams. The base year is 2023, the baseline value is 20.37 grams per 100 grams, and the target is valid until 2026.

  The QESH department monitors the target through internal testing and external validation processes.
  The current performance against the target is considered on track.

- **Have no product recalls**
  The target is a rolling target with no baseline value or base year. The target relates to Bakkafrost's downstream value chain.

  In 2024, Bakkafrost had no product recalls.

  The QESH department monitors the target through internal testing and external processes, such as when authorities or customers notify the company of potential reasons for a product recall.

  To drive and measure progress in providing consumers with a high-quality product, Bakkafrost has set a target to:

- **Have an average customer rating >8.5 and a net promoter score above 50**
  The target is a rolling target with no baseline value or base year. The target relates to Bakkafrost's downstream value chain.

The average customer rating was 8.5 on a scale from 1-10, compared to 8.3 in 2023, and a net promoter score of 42.55 compared to 36 in 2023. Thus, we are on track in regard to customer rating and progressing in the net promoter score.

In 2024, Bakkafrost had a customer product quality score of 96% being either 'More than or very satisfied' or 'Satisfied' compared to 95% in 2023

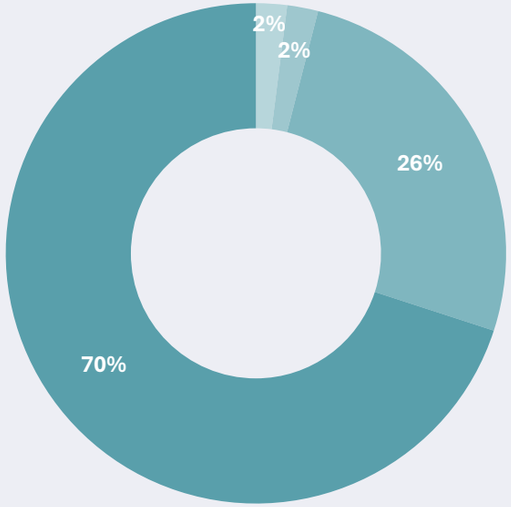
The targets are monitored by the Sales department through annual surveys sent to a variety of trusted customers.

Bakkafrost has established these targets based on an internal evaluation of key performance indicators that demonstrate and indicate progress in sustainability.

The company did not engage directly with consumers or end-users in setting the targets.

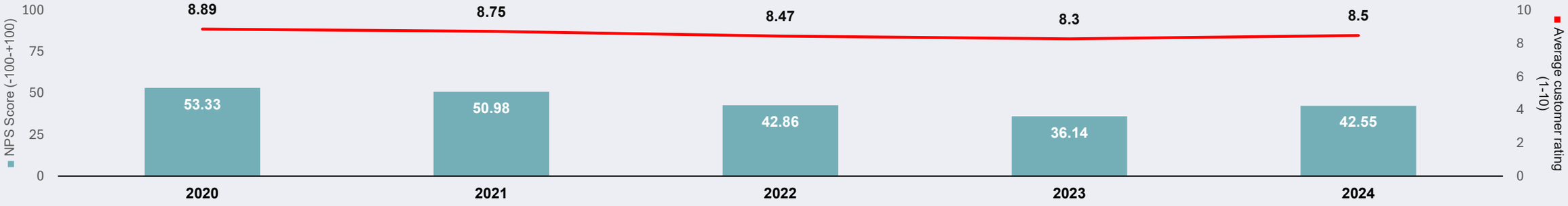
Customer Score of Bakkafrost Salmon's Quality

Reflecting the views of customers representing 57% in 2021, 47% in 2022, 57% in 2023 and 53% of the revenue in 2024



2024:		
	2%	Not satisfied
	2%	Somewhat Satisfied
	26%	Satisfied
	70%	More than or very Satisfied
2023		
	1%	Not satisfied
	4%	Somewhat Satisfied
	36%	Satisfied
	59%	More than or very Satisfied
2022		
	0%	Not satisfied
	8%	Somewhat Satisfied
	31%	Satisfied
	62%	More than or very Satisfied
2021		
	0%	Not satisfied
	2%	Somewhat Satisfied
	33%	Satisfied
	65%	More than or very Satisfied

Customer Net Promoter Score



ENTITY-SPECIFIC

Consumers and end-users metrics

1 January 2024 – 31 December 2024

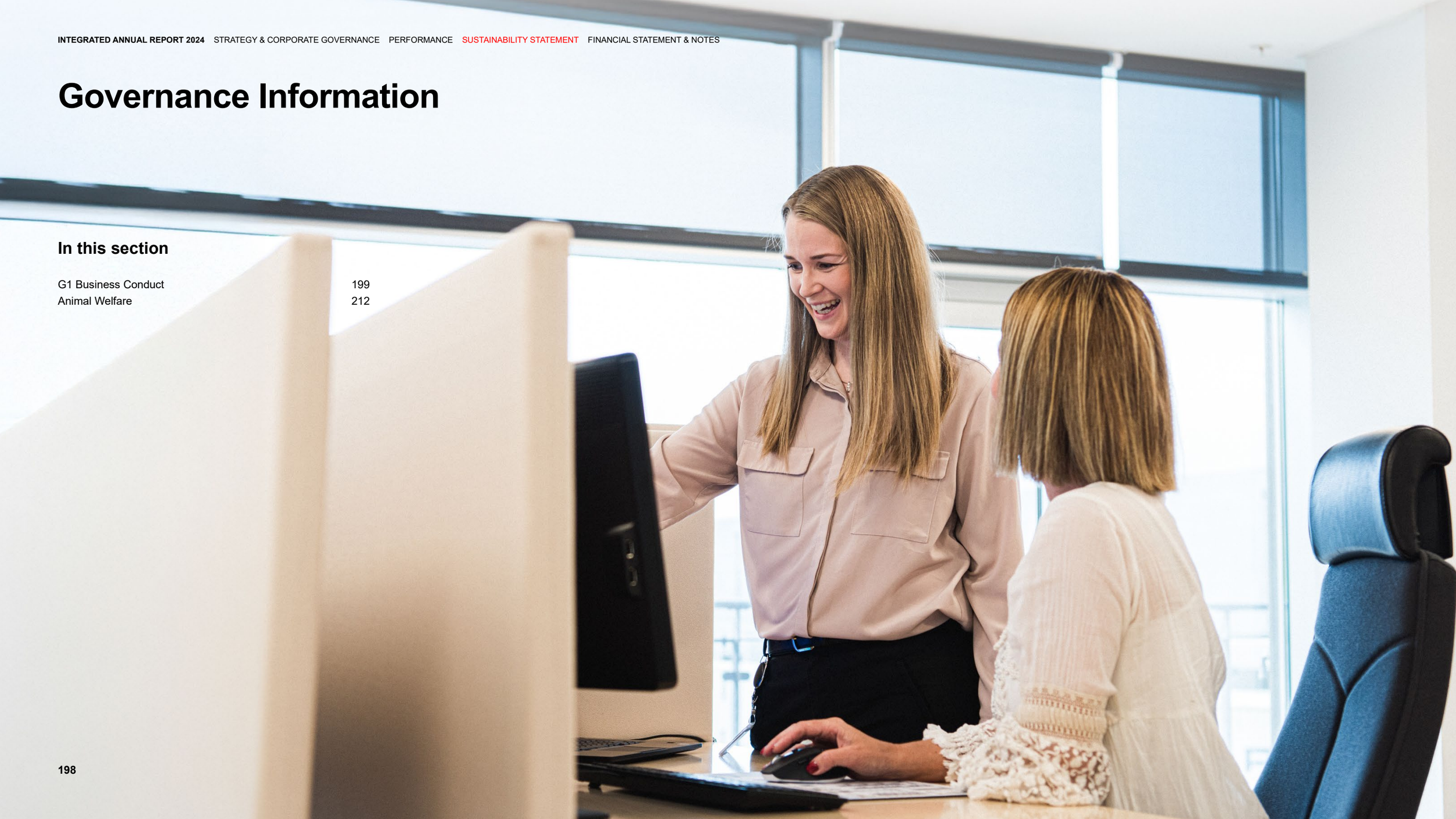
	Unit	Target	2024	2023
Nutrition				
Omega 3 level	average mg/100g		2.53	2.42
Omega 3 to 6 ratio	average mg/100g		1.30	1.40
Selenium	average mg/kg		0.21	0.20
Iodine	average mg/kg		0.07	0.08
Protein	average g/100g	>19 g/100g	20.07	20.37
Vitamin B12	µg/100g		4.25	4.23
Vitamin E	mg/100g		4.77	5.1
Vitamin D	µg/100g		7.56	9.6
EPA + DHA	g/100g		1.39	1.31
Product recalls	Number	0	0	1

ESRS 2 MDR-M
ACCOUNTING POLICIES

ESRS Disclosure Requirement	Paragraph	Target / Data point	Accounting policy
All		All	All metrics cover the reporting period 1 January 2024 – 31 December 2024 External organisations analyse and validate the test results of salmon nutrients.
Entity specific		Nutrition	This calculation includes an analysis of whole salmon variations between all Bakkafrost sales sizes from 3-4kg up to 7+ kg. The gutted weight in tonnes is calculated using weighted harvest volumes from Bakkafrost Faroe Islands and Scotland. There have been no changes in this target, or to its underlying metrics, during the reporting year.
Entity specific		Product recalls	Total number of product recalls for products released by Bakkafrost. There have been no changes in this target, or to its underlying metrics, during the reporting year.

Governance Information

In this section



G1 Business Conduct

List of disclosure requirements		Page reference
G1 – Business Conduct		
ESRS 2 SBM-3	Material impacts, risks, and opportunities in relation to business conduct	200
G1-1	Business conduct policies and corporate culture	205, 212
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Entity-specific	Animal Welfare	212

ESRS 2 SBM-3
MATERIAL IMPACTS, RISKS AND OPPORTUNITIES IN RELATION TO BUSINESS CONDUCT

				Location in value chain			Time horizon		
BUSINESS CONDUCT – MATERIAL IMPACTS, RISKS AND OPPORTUNITIES				Upstream	Own operation	Downstream	Short-term (0-2 years)	Medium-term (3-5 years)	Long-term (+6 years)
ESRS sub-topic (AR 16)	ESRS sub-sub-topic (AR 16)	Impact/Risk/Opportunity (IRO)	Type						
Animal welfare	-	Sea lice/parasites	Actual Negative impact		•		Current reporting period		
Animal welfare	-	Disease outbreak	Actual Negative impact		•		Current reporting period		
Management of relations with suppliers including payment practices	-	Supplier relations	Potential Negative Impact	•		•	•		
Corruption and bribery	Incidents	Corruption and bribery incidents	Risk	•		•		•	
Animal welfare	-	Poor fish welfare	Risk		•		•	•	•
Political engagement and lobbying activities	-	Ensure transparency and honest dialogue with the public and political system	Opportunity		•		•	•	•
Animal welfare	-	Develop our salmon strains further to improve biological performance through growth, disease resilience and advanced quality	Opportunity		•			•	

ESRS 2 SBM-3

IMPACTS, RISKS AND OPPORTUNITIES RELATED TO WORKERS IN THE BUSINESS CONDUCT

The materiality assessment described in disclosure requirement IRO-1 identified the following material impacts related to Bakkafrost's business conduct.

- **Sea lice/parasites – Actual negative impact**

  Sea lice are naturally occurring parasites found on salmon and other marine species. While they are a normal part of the ecosystem, excessively high levels can pose a threat to salmon by causing stress, skin damage, and increased vulnerability to infections. Managing sea lice effectively is essential to maintaining fish health and ensuring sustainable populations.

  Bakkafrost can have an actual negative impact on the natural environment and the welfare of its salmon if sea lice levels become too high. Infestations at excessive levels can lead to skin damage, stress, and, in severe cases, higher mortality rates. Proper sea lice management is crucial to limiting their impact, as unchecked infestations can spread within farming sites and potentially affect the surrounding ecosystem through waterborne transmission.

  The impact occurs within direct operations in Bakkafrost's Farming and Harvest segment, which is located in the Faroe Islands and Scotland. The actual negative impact is linked to both Bakkafrost's business model and strategy. The reasonably expected time horizon for this impact to materialise is in the reporting year and is recurring annually.

  Bakkafrost has responded to this impact by implementing robust management practices to reduce sea lice prevalence. These include freshwater treatments as the primary method to remove sea lice, effectively reducing infestations and minimising the use of chemicals in the marine environment. Additionally, mechanical delousing systems serve as an extra measure when needed to further support sea lice management. Bakkafrost also uses simulation tools to predict and mitigate risks, and real-time monitoring systems are in place to detect sea lice outbreaks early and enable prompt action. In the Faroe Islands, treatments are determined based on sea lice levels, ensuring intervention only when necessary.

  In Scotland, a combination of lice levels and fish welfare assessments determines treatment strategies, allowing for a proactive and preventative approach to sea lice management. All sea lice management practices adhere to national regulations and laws in the Faroe Islands and Scotland, ensuring compliance with governmental requirements. Additionally, all operations comply with strict standards set by third-party certifications like the Aquaculture Stewardship Council (ASC).

  To address these concerns, Bakkafrost continuously evaluates and invests in innovative solutions, including research into developing salmon strains with higher genetic resistance to sea lice.

  The impact is partially covered by ESRS disclosure requirements, with metrics such as the prevalence of sea lice and the effectiveness of management strategies reported to ensure transparency.

- **Disease outbreak – Actual negative impact**

  Salmon farming is Bakkafrost's core operation, and it comes with various challenges, including the risk of disease outbreaks. These outbreaks pose a significant threat to fish health, operational efficiency, and overall production, making their prevention and management a critical focus for the company. Protecting the salmon from disease is essential to maintaining both fish welfare and sustainable farming practices.

  Bakkafrost faces an actual negative impact from disease outbreaks, which can adversely affect the health and welfare of salmon. Outbreaks, often caused by pathogens such as bacteria or viruses, can lead to stress, weakened immune systems, and, in some cases, elevated mortality rates. This impact can affect the natural environment, as diseases can spread within farming sites and potentially affect adjacent ecosystems through waterborne transmission. The impact occurs within Bakkafrost direct operations, located in the Farming and Harvest segment in the Faroe Islands and Scotland. While robust biosecurity measures are in place, outbreaks can still occur due to fluctuating environmental conditions or breaches in containment protocols.

  The reasonably expected time horizon for this impact to materialise is in the reporting year, and it reoccurs as an isolated event.

  Bakkafrost addresses this impact by implementing preventive measures, such as stringent biosecurity protocols, advanced vaccination programs and real-time monitoring systems. Veterinary Health Plans are in place for each site, focusing on disease prevention and early detection. A key element of Bakkafrost's disease prevention strategy is its broodstock program, which is designed to strengthen genetic resistance against common diseases. By selectively breeding salmon with traits for robustness and disease resistance, including resilience to Cardiomyopathy Syndrome (CMS), Pancreatic Disease (PD), and Infectious Pancreatic Necrosis (IPN), the program enhances the overall health of farmed salmon and reduces vulnerability to outbreaks. Collaborative research initiatives with universities and industry partners are also advancing understanding and mitigation strategies for key diseases like Cardiomyopathy Syndrome (CMS). Additionally, contingency plans are in place to manage outbreaks swiftly, including isolating affected stocks and improving environmental parameters.

  The impact is partially covered by ESRS disclosure requirements, with reporting on mortality rates and disease prevalence are included to ensure transparency.

- **Supplier relations – Potential negative impact**

  Bakkafrost has suppliers in both its upstream and downstream value chains. The suppliers in the upstream value chain provide Bakkafrost with the materials needed to support our operations, making them a high priority for the company. Due to Bakkafrost's variety of operations, we work with many different suppliers worldwide.
  The downstream value chain suppliers are important partners, providing key services such as transporting our salmon to markets worldwide. Maintaining clear communication and good relationships with suppliers in the upstream and downstream value chains is essential for Bakkafrost's operations.

  Potential mismanagement in supplier relationships has been identified as a potential negative impact on suppliers. This includes non-compliance with payment practices and exploiting the power imbalance to impose financial pressure on suppliers. Poor management of supplier relationships could lead to economic uncertainty for the affected suppliers.

  In the Faroe Islands, the economy relies heavily on Bakkafrost. This means improper payment practices could lead to widespread financial uncertainty, affecting not only suppliers but downstream industries and local communities.
  The potential negative impact refers to the upstream and downstream value chain. The expected timescale is in the short-term time horizon (0-2 years) and is annually recurring. It is also connected to Bakkafrost's strategy and business model.

  Bakkafrost has responded to this impact by maintaining strong relationships with suppliers and ensuring timely payments to prevent suppliers from facing difficulties.

  The impact is fully covered by ESRS disclosure requirements.

- **Corruption and bribery incidents – Risk**

  While Bakkafrost operates exclusively in countries classified as low risk for corruption and bribery, according to Transparency International's Corruption Perceptions Index (2023), its supply chain includes sourcing from countries ranked as medium to high risk. This creates an inherent risk of exposure to corrupt practices, particularly in procurement and supplier interactions. In these regions, weak governance structures and frequent engagements with government officials may increase the likelihood of bribery or unethical business conduct. Such risks could manifest in instances where production approvals are granted in areas linked to deforestation or forced labour, raising concerns about compliance with ethical and legal standards.

  Additionally, risks of corruption and bribery extend to Bakkafrost's downstream value chain, particularly in sales, distribution, and customer interactions. These risks include:

  Bribery or facilitation payments in securing contracts with distributors or retailers.
  Fraudulent pricing schemes, resale manipulation, or anti-competitive practices in certain markets.
  Third-party sales agents or intermediaries engaging in unethical practices in business transactions.

Any incident of corruption or bribery—whether within Bakkafrost's supply chain, distribution network, or customer relationships—could result in legal, financial, and reputational consequences. These include:

Regulatory fines and legal action under global anti-corruption laws.
Negative publicity impacting stakeholder trust and potentially leading to terminated business relationships.
Regulatory scrutiny or restrictions on market access, particularly in jurisdictions with strict compliance requirements.

This risk assessment reflects the potential for Bakkafrost to be associated with corruption and bribery through its business relationships, which may have significant implications for compliance, stakeholder expectations, and overall business integrity.

Bakkafrost has primarily focused on addressing the risk in its upstream value chain. We have responded to the risk by selectively sourcing commodities from companies subject to various corruption and bribery-related requirements through regulation and standards, such as the Proterra standard. We also conduct regular compliance checks and maintain an ongoing dialogue with our suppliers as part of our due diligence processes.

Bakkafrost is currently not exposed to any current financial effects of this risk. Without any mitigation actions, Bakkafrost would increase its risk of being associated with cases of corruption and bribery, and this could have a substantial impact on the company's revenue. We have, however, not conducted the formal analysis of the anticipated financial effect of this risk, and we choose to omit the information prescribed by ESRS 2 SBM-3 paragraph 48(e).

The risk is fully covered by ESRS disclosure requirements.

- **Poor fish welfare – Risk**
  Bakkafrost faces risks related to poor fish welfare if systems and practices fail to uphold high welfare standards. These risks can arise from external factors such as climate change, new disease strains, harmful algae blooms, and jellyfish, all of which can exacerbate stress and compromise salmon's immune function. Additionally, the risks include reputational damage, regulatory penalties, and reduced operational efficiency due to higher mortality rates or slower fish growth. Consequently, these risks can potentially lead to a reduction in financial revenues.

  This risk refers to Bakkafrost's Farming, Freshwater and Service segments, located in the Faroe Islands and Scotland. The reasonably expected time horizon for this impact to materialise is recurring annually across all time periods.

  Bakkafrost embeds welfare considerations into its core business strategy to mitigate these risks. The following measures have been implemented:

  Proactive Biosecurity and Monitoring: Comprehensive biosecurity audits are conducted at all sites to identify vulnerabilities and establish preventive measures. Real-time monitoring systems track fish behaviour, water quality, and environmental conditions for swift intervention.

  Enhanced Treatment Capacity: Investments in freshwater and mechanical delousing systems, including advanced farming service vessels, provide sufficient capacity to address gill health and lice challenges while minimizing stress during treatment.

  Veterinary Health Plans (VHPs): Site-specific VHPs ensure that transport, handling, and disease management practices are conducted in line with rigorous animal welfare standards. These plans are continuously reviewed and updated to reflect emerging risks and new scientific insights.

  Selective Breeding and Resilient Strains: Bakkafrost's broodstock program incorporates selective breeding to enhance salmon resilience to diseases such as Cardiomyopathy Syndrome (CMS). CMS-resistant eggs have been introduced to production cycles, reducing biological risk.

  Welfare-Focused Training: Employees receive regular training on humane handling, biosecurity, and early detection of welfare issues. Welfare awareness initiatives, such as workshops and company-wide campaigns, embed welfare considerations into daily practices.

  Preventive Welfare Measures: Proactive health measures include regular freshwater treatments to maintain gill health, optimized stocking densities to reduce stress, and tailored feed strategies to promote growth and well-being.

  These actions are designed to mitigate risks associated with poor fish welfare and ensure alignment with regulatory standards and industry best practices.

  Bakkafrost has not yet analysed the anticipated financial effect of this risk and thus opts for the option to omit the information prescribed by ESRS 2 SBM-3 paragraph 48(e).

  The risk is fully covered by ESRS disclosure requirements, with compliance metrics for third-party certifications like ASC and RSPCA Assured reported.

- **Ensure transparency and honest dialogue with the public and political system – Opportunity**
  Bakkafrost plays an important role in the rural communities where we operate, and we aim to engage with our community about the sector and our business. By having an open dialogue, we ensure transparency on the sustainability issues our stakeholders find the most material.

  Bakkafrost has identified an opportunity for political engagement and lobbying activities regarding activities in its own operations across all time scales.

  The opportunity has affected Bakkafrost's business model and strategy. Bakkafrost takes this opportunity to foster transparency and honest dialogue with the public and political system, which enhances our 'license to operate' and leads to better utilization of idle license capacity, among other benefits.

  Bakkafrost has responded to this opportunity by engaging directly with policymakers and indirectly interacting through industry group memberships and similar associations. Bakkafrost believes in collaboration and values partnerships with local authorities and stakeholders.

  Bakkafrost has not yet analysed the anticipated financial effect of this opportunity and thus opts for the option to omit the information prescribed by ESRS 2 SBM-3 paragraph 48(e).

  The opportunity is fully covered by ESRS disclosure requirements.

- **Develop our salmon strains further to improve biological performance through growth, disease resilience and advanced quality - Opportunity**
  Bakkafrost has identified an opportunity to further develop its salmon strains to enhance biological performance, including growth, disease resilience and improved quality. Through its broodstock program, Bakkafrost is selectively breeding salmon with traits that contribute to stronger disease resistance, higher survival rates, and improved overall robustness, which in turn supports sustainable production and operational efficiency.

  Reducing the costs and operational strain associated with disease outbreaks and sea lice treatments is a key benefit of this opportunity. Lowering the frequency of freshwater treatments currently performed by farming service vessels contributes to more efficient operations. Additionally, genetic improvements can lead to better growth rates, increased feed efficiency, and higher-quality salmon, ultimately supporting future expansion, increased salmon output, and higher revenue generation

  Bakkafrost's Freshwater segment, where broodstock activity is managed, and the Farming segment, operating in the Faroe Islands and Scotland, stand to benefit significantly from these advancements.

  This opportunity is linked to Bakkafrost's research and development activities, which include genetic selection programs, data-driven breeding strategies, and collaborations with research institutions. A key focus is on strengthening disease resistance, improving overall growth performance, and enhancing product quality, ensuring that future generations of salmon are more robust and efficient in aquaculture production.

  By developing salmon strains with greater resilience to viral diseases such as Cardiomyopathy Syndrome (CMS), Pancreatic Disease (PD), and Infectious Pancreatic Necrosis (IPN), Bakkafrost aims to reduce mortality rates, enhance fish welfare, and optimize feed efficiency. This not only supports higher survival rates and stronger growth potential but also

improves fillet quality and consistency, meeting increasing market demands for premium salmon.

Reducing dependency on physical or chemical sea lice treatments complements broader disease management efforts by minimizing fish stress, lowering environmental impact, and enhancing overall sustainability in farming operations.

Bakkafrost's strategy already incorporates the development of more resilient salmon strains. Investments in genetic research and trials are ongoing, aiming to deliver measurable improvements over a medium-term horizon (3–5 years).

The opportunity is partially covered by ESRS disclosure requirements. While specific metrics on genetic resilience are under development, Bakkafrost currently tracks and reports on indicators such as feed conversion ratio, prevalence of sea lice, and survival rates as indicators for progress.

Bakkafrost has not yet analysed the anticipated financial effect of this opportunity and thus opts for the option to omit the information prescribed by ESRS 2 SBM-3 paragraph 48(e).

The resilience of Bakkafrost's business model to address impacts, risks and opportunities related to business conduct

Bakkafrost has not conducted a resilience analysis to evaluate its ability to manage the identified material impacts, risks and opportunities related to business conduct.

From an initial qualitative perspective, the company is fairly well-positioned to manage these topics. Bakkafrost's strong financial position means that it is highly agile in addressing impacts, risks, or opportunities that can occur on an ad hoc basis.

Considering stricter ESG regulations in the Faroe Islands and Scotland, Bakkafrost has extensive experience in this area. The company can offer input and guidance to policymakers on regulation and control systems, making it well-positioned to benefit from this opportunity.

For more details on the resilience of Bakkafrost's business model and strategy in relation to business conduct, please refer to the 'Risk Management' section of the management report, which covers risks associated with business conduct and animal welfare.

Business conduct

IMPACT, RISK AND OPPORTUNITY MANAGEMENT

G1-1

Our approach

It is important to go beyond compliance to uphold and promote good business practices and corporate culture consistent with our core values and principles. Bakkafrost's values guide our approach to creating long-term value for our customers, shareholders and society. This means we act responsibly and with respect while being passionate about our provenance.

The Code of Conduct outlines these values, which require all employees to observe high standards of business and ethics and take a fair and honest approach to working with each other and external stakeholders.

The board of directors holds overall responsibility for managing the business policies and ethical guidelines. The board has delegated the daily responsibility for implementing the Code of Conduct and corporate culture to the CEO.
Administrative bodies regularly discuss policies and corporate culture during meetings when relevant.

Bakkafrost's policies are aligned with third-party standards and are integral to corporate culture. They ensure that both workforce and suppliers adhere to standards concerning occupational health, safety, and well-being, as well as human rights, freedom of association, collective bargaining, child labour, and environmental practices.

We are committed to continuously developing training and awareness campaigns to inform employees about our expectations for workplace behaviour and business conduct. Additionally, we are committed to compliance. Our initiatives include employee onboarding, intranet announcements, informative emails, lunch-and-learn sessions, and certifications to ensure we meet compliance standards.

Employees can access policies and ethical guidelines via our Group intranet and the company website.

Bakkafrost is committed to ensuring that all employees are well-equipped to uphold the company's values of ethical business conduct. To achieve this, Bakkafrost offers sessions for all new employees covering the code of conduct, environmental sustainability, and labour rights. Additionally, all employees must read the company employee handbook, which includes information on these topics, at the start of their employment.

Whistleblowers

Bakkafrost has an online mechanism where members of the public can raise complaints, and if necessary, employees can raise concerns through an anonymous and confidential whistleblowing programme.

The whistleblower mechanism is accessible on the Bakkafrost website and the employee intranet.
HR is responsible for managing whistleblowing reports and maintaining standardised internal procedures for handling such cases.

Training on the whistleblowing system and confidentiality is mandatory, especially for employees handling whistleblower cases. This ensures that whistleblowers are protected from any form of discrimination or disciplinary action due to report submission.

Bakkafrost Scotland is subject to legal requirements and uses an external system for whistleblowing cases to satisfy legal compliance (Public Interest Act 1998) regarding the protection of whistle-blowers.

Risk of corruption and bribery in operations

Certain functions within Bakkafrost have been identified as being at risk of corruption and bribery, specifically the Sales, Finance, and Procurement departments.

Our Sales and Procurement departments operate in regions with elevated risks of bribery and corruption, making them particularly vulnerable. Additionally, the Finance Department oversees all internal and external transactions, exposing key positions within the department to potential bribery attempts.

Animal welfare
For information regarding our Animal Welfare policies, please refer to our Animal Welfare section of this report.

G1-2
Suppliers
Bakkafrost values strong relationships with suppliers who uphold our ethical standards. Our procurement team is dedicated to building relationships and partnering with internal and external partners. As the main point of contact, procurement manages all interactions with suppliers and contractors to support our business operations at various sites and offices.

We clearly communicate our expectations to suppliers through a code of conduct that aligns with our policies. To support our strategy and manage risk effectively, we implement various initiatives as stated below.

Every year, Bakkafrost hosts a Supplier Day for our main suppliers and partners. This event aims to encourage discussions on sustainability topics. We concentrate on areas where suppliers must implement changes to help us meet our ambitious SBTi-verified emissions targets, as collaboration is essential for achieving these goals.

Bakkafrost's procurement policy outlines expectations for suppliers regarding social and environmental criteria. All suppliers undergo a thorough assessment to ensure they meet appropriate ethical standards.

In Scotland and the Faroe Islands, we have established a rigorous supply chain compliance programme using SEDEX membership and self-audit to make informed business decisions and drive continuous improvement across our value chain. All suppliers are carefully assessed to ensure they perform to an appropriate standard. Key supplier relationships are closely managed through regular business reviews to measure and review performance.

Bakkafrost is in the process of establishing a scoring system that classifies suppliers into gold, silver, and bronze suppliers. The procurement team will be trained to conduct screenings that evaluate price, quality, human rights, and sustainability factors. These screenings also consider the supplier's spending, size, certifications, and geographical location. Bakkafrost is committed to sourcing from local suppliers as much as possible. By 2030, Bakkafrost has committed to allocating 50% of its procurement activities to gold suppliers, 30% to silver suppliers, and 20% to bronze suppliers.

Bakkafrost is committed to its suppliers and strives to prevent late payments. All invoices are logged with a payment term as we aim to adhere to these deadlines, particularly to avoid late payments to SMEs.

The Heads of Procurement consistently assess the outcomes of supplier practices. Supplier performance is regularly reviewed to ensure ongoing compliance.

G1-3
Corruption and Bribery
Bakkafrost firmly opposes corruption in any form, including bribery and "facilitating payments." Bakkafrost maintains guidelines for employees on these matters. No employee of the company is allowed to directly or indirectly offer, promise, give, or receive bribes, illegal or inappropriate gifts, or any other undue advantages or remuneration to gain business or personal benefits. Bakkafrost's approach to bribery or corruption is communicated to employees through the code of conduct and internal platforms.

We comply with all laws related to corruption and anti-bribery in all jurisdictions where we operate.

Bakkafrost encourages all employees and stakeholders to report any allegations of corruption, bribery, fraud, or other financial misconduct through our whistleblower system, see "Whistleblowers" section for more information on how these concerns are handled.

In cases of corruption and/or bribery that would potentially arise, the company appoints investigators separate from the chain of management involved in the matter.

All Bakkafrost employees receive corruption and bribery training during their onboarding, including reading and confirming they consent with the company's code of conduct and general operational guidelines.

100% of functions at risk, defined as employees in sales, procurement, and financial functions, are covered by training programmes that address corruption and bribery.

The Board of Directors receives training in corruption and bribery during their onboarding process.

METRICS AND TARGETS

Targets and Performance

G1-4
Incidents of corruption or bribery
There were no reported breaches of the Code of Conduct in 2024. Additionally, no incidents related to human rights, fraud, corruption, bribery, or violations of anti-trust or competition laws were reported during the year.
Bakkafrost did not receive any convictions or fines for violations of anti-corruption or anti-bribery laws in 2024, nor was it subject to any legal actions related to corruption.

G1-4

Incidents of Corruption and Bribery

1 January 2024 – 31 December 2024

	Unit	2024	2023
Convictions for violation of anti-corruption and anti-bribery laws	Number	0	0
Amount of fines for violation of anti-corruption and anti-bribery laws	DKK	0	0
Confirmed incidents of corruption or bribery	Number	0	0
Confirmed incidents in which own workers were dismissed or disciplined for corruption or bribery-related incidents	Number	0	0
Confirmed incidents relating to contracts with business partners that were terminated or not renewed due to violations related to corruption or bribery	Number	0	0

G1-5

Political influence & lobbying

Bakkafrost relies heavily on the natural capital in the Faroe Islands and Scotland. We work with the relevant environmental agencies and comply with aquaculture legislation at each stage of the value chain. Compliance, leadership and transparency are fundamental, and we are committed to zero cases of non-compliance.

We are members of several industry bodies, so we engage with the government indirectly from time to time when relevant to the industry through industry group memberships. Bakkafrost has indirectly contributed to lobbying activities through its membership in these organisations. Bakkafrost membership fees in 2024 are listed in the table.

Bakkafrost neither makes nor has made any financial or in-kind contributions to political parties, their elected representatives, or individuals seeking political office.

During the financial year 2024, Bakkafrost directly engaged with authorities on material impacts, risks and opportunities as identified in the Double Materiality Assessment. Specifically, Bakkafrost engaged with the Ministry of Environment in the Faroe Islands regarding the Faroese law: "Løgtingslóg um el og fjarhita, sum seinast broytt við løgtingslóg nr.67 frá 30 mai 2024" (Elveitingarlógin). This is the law that regulates the production and distribution of electricity in the Faroe Islands. The purpose was to provide policymakers with a thorough understanding of Bakkafrost's future needs if the company is to achieve its Paris Agreement-aligned GHG goals.

Bakkafrost fully supports a quick transition to a green economy and the proposed changes to the Faroese Energy Law. The objective of these changes is to ensure the availability of renewable electricity on the national grid. However, Bakkafrost believes that the transition could be accelerated even further, and one potential solution is the liberalisation of the national energy market to ensure greater access to renewables. Currently, if Bakkafrost wants to produce renewable energy for its operations, we are required to sell it to the national grid at cost-price and then buy it back at regular price. This is not a favourable business arrangement for Bakkafrost.

We advocate for open regulation to allow for more renewable energy delivery. The policy regarding the supply of electricity in the Faroe Islands directly impacts our ability to reach our short-term climate targets approved by the Science Based Targets initiative. Bakkafrost is currently in the process of transitioning its operations to electric power, and having access to renewable electricity is crucial for achieving this goal. Unfortunately, insufficient renewable energy is currently available to effectively reduce greenhouse gas emissions.

Approximately 50% of the Faroe Islands' electricity comes from renewables, while the rest is generated using heavy fuel oil. This results in electricity emissions being as high as, or even higher than direct consumption of fossil fuels. As Bakkafrost and other companies on the Faroe Islands transition to electricity, the demand for electricity will significantly increase. The current structure allows companies to produce their own renewable electricity, but the regulations do not facilitate the purchase of this energy at a reasonable price, posing a risk of insufficient renewable electricity to achieve decarbonization at the desired pace. The current regulations change does not allow external producers to contribute to renewable energy production at an affordable rate.

Bakkafrost regularly engages with government and regulatory bodies to promote sustainable development and represent the industry's interests. The company discusses various industry-relevant issues during these conversations. Key engagement topics include licenses and registration, fish health and welfare, pollution, biogas plants, ethical conduct, international relations, and the United Nations Sustainable Development Goals.

No member of the Board appointed during the current reporting period has held a comparable position in public administration within the two years prior to their appointment.

In 2024, Bakkafrost contributed to lobbying efforts through indirect political contributions. These contributions totalled around 4.5 million DKK and were made through memberships and projects in four industry organisations: The House of Industry in the Faroe Islands (Vinnuhúsið), Havbúnaðarfelagið (Association for Aquaculture in the Faroe Islands), Salmon Scotland, and the Global Salmon Initiative. These organisations engage in lobbying activities and collaborate with partners and local authorities.

G1-5

Indirect lobbying activities

	Unit	Faroe Islands	Scotland	Global	Group 2024	Group 2023
1 January 2024 – 31 December 2024						
Indirect political contributions	DKK	1,917,957	2,063,059	553,172	4,534,188	4,609,569

G1-6

Payment practices

1 January 2024 – 31 December 2024

	Unit	Group 2024	Group 2023
Average days to pay invoice from date to when contractual or statutory term of payment starts to be calculated	Average days	28	37
Payments aligned with standard payment terms	%	Not available	-
Outstanding legal proceedings for late payments	Number	0	0
Standard payment terms	Bakkafrost's standard payment terms are designed to accommodate the diverse needs of its suppliers. To mitigate the risk of liquidity challenges for SMEs, the company has redesigned its payment processes so that invoices are processed upon receipt, ensuring timely cash flow. For other suppliers, payments are made at the end of the month plus 30 days. At present, we do not record the percentage of payments aligned with these terms; however, we aim to establish these metrics within the next two years.		

ESRS 2 MDR-M
ACCOUNTING POLICIES

ESRS Disclosure Requirement	Paragraph	Data point	Accounting policy
All	All	Business conduct	All metrics cover the reporting period 1. January 2024- 31. December 2024. No external body other than the assurance provider has provided validation for the following metrics.
G1-3	21 b	Percentage of functions-at-risk covered by training programmes	Functions-at-risk within our own operations are defined as employees working in sales, procurement and finance functions. All employees receive information about the company's code of conduct and general guidelines regarding corruption and bribery during onboarding, and they sign that they consent to the company guidelines.
G1-4	24 a	Convictions and amount of fines for violation of anti-corruption and anti-bribery laws	Anti-corruption and anti-bribery instances where the company has been found guilty by a court of law. Amount of paid fines for violation of anti-corruption and anti-bribery laws include fines paid as a result of legal proceedings on these matters against Bakkafrost's subsidiaries in the reporting year. There have been no changes related to this metric during the reporting year.
G1-4	25 a	Confirmed incidents of corruption or bribery	Reported incidents of corruption or bribery categorised through Bakkafrost's whistleblower system. There have been no changes related to this metric during the reporting year.
G1-4	25 b	Confirmed incidents in which own workers were dismissed or disciplined for corruption or bribery-related incidents	Reported incidents of corruption or bribery categorised through Bakkafrost's whistleblower system, resulting in worker dismissal or disciplinary action by Bakkafrost or its subsidiaries. All incidents are registered and categorised through our whistleblower system. There have been no changes in this metric during the reporting year.
G1-4	25 c	Confirmed incidents relating to contracts with business partners that were terminated or not renewed due to violations related to corruption or bribery	Reported incidents of corruption or bribery relating to contracts with business partners that were terminated or not renewed. All incidents are registered and categorised through our whistleblower system. There have been no changes in this metric during the reporting year.
G1-5	29 b	Direct and indirect lobbying activities	Financial contributions made directly or indirectly to beneficiaries on behalf of Bakkafrost. These contributions include membership fees to organisations engaged in lobbying activities for the industry and Bakkafrost. There have been no changes in this metric during the reporting year.
G1-6	33 a	Average days to pay invoice from date to when contractual or statutory term of payment starts to be calculated	The average number of days from the invoice date until invoices from our suppliers are paid, within the year across our locations (countries of operation). The calculation uses an average for all group companies within each location (countries of operation). There have been no changes in this metric during the reporting year.
G1-6	33 c	Outstanding legal proceedings for late payments (number)	The number of legal proceedings currently outstanding for late payments There have been no changes in this metric during the reporting year.

Animal Welfare

G1-1

IMPACTS, RISKS AND OPPORTUNITIES RELATED TO ANIMAL WELFARE

Bakkafrost's operations in the freshwater and marine environments of the Faroe Islands and Scotland, along with Services, feed production and harvesting facilities, have been identified as key areas where animal welfare considerations are crucial. For example, ensuring high-quality feed directly impacts fish health and welfare, while humane slaughter practices at harvesting facilities uphold welfare standards. Marine operations specifically present risks related to sea lice, disease outbreaks, and water quality, all of which can significantly affect the health and welfare of our salmon stocks. Furthermore, our operations have broader economic, environmental, and societal impacts. For example, sea lice outbreaks can lead to increased operational costs and reduced stock productivity, while proactive management and innovative practices can contribute to environmental sustainability and local economic stability. Opportunities exist to enhance animal welfare through innovation, such as developing more resilient salmon strains and adopting cutting-edge monitoring technologies.

ESRS MDR-P & GRI DR 3-3 & 13.11

Our approach

The welfare of our salmon is a cornerstone of sustainable aquaculture. We are committed to maintaining high standards of animal care across all operations, as outlined in Bakkafrost's Fish Health and Welfare Policy. This policy defines our responsibilities for safeguarding the health and well-being of our salmon throughout their lifecycle and is based on internationally recognized standards and guidelines, including the Five Freedoms of Animal Welfare and recommendations from the World Organization for Animal Health (WOAH). Additionally, our commitment extends to supporting global food security by ensuring sustainable production practices that contribute to reliable and ethical food sources.

This policy applies to all freshwater and farming operations and sites within the company, covering every stage of production, from broodstock to harvest. It specifically pertains to farmed Atlantic salmon throughout the entire Bakkafrost value chain.

We adhere to the Faroese Animal Welfare Act and all applicable aquaculture, animal health, and disease prevention regulations, including underlying directives and provisions, ensuring compliance with national legal frameworks. The Act incorporates the Five Freedoms of Animal Welfare, guiding our practices across operations. In Scotland, our operations comply with strict legislative requirements set by regulatory bodies, including the Animal Health and Welfare (Scotland) Act 2006, as well as all relevant aquaculture and fish health regulations and subordinate legislation, ensuring that welfare practices align with national standards.

Our Veterinary Health Plans in both the Faroe Islands and Scotland are reviewed by third-party accreditations, including the Aquaculture Stewardship Council (ASC) and Global GAP. The ASC certification is particularly significant, as it applies across both countries and reflects our commitment to sustainable and responsible aquaculture through rigorous compliance with welfare, environmental, and biosecurity standards. Meanwhile, Global GAP serves as a comprehensive management standard that strengthens biosecurity, animal welfare, and farm management. In addition to ensuring high standards of food safety and responsible farming, Global GAP also requires the training of relevant suppliers in animal welfare, reinforcing a holistic approach to fish health and farming sustainability.

In Scotland, additional assurance is provided through RSPCA Assured certification, which emphasizes humane handling, regular health monitoring, and conditions that support natural fish behavior. These welfare requirements are also embedded in Global GAP standards, which apply to both the Faroe Islands and Scotland, ensuring a consistent commitment to high animal welfare standards across all operations.

Stocking densities are regulated according to strict legislative and accreditation requirements, ensuring optimal welfare conditions. These densities are continuously reported to authorities to maintain compliance and support fish health and natural behavior. Across all operations, our team is dedicated to maintaining these standards through regular training, robust monitoring, and continuous improvements in fish welfare practices.

Governance and Accountability

Our commitment to fish welfare is integrated into every stage of our operations, from the strategic placement of farming units and the design of infrastructure and technology to feeding strategies and continuous monitoring. A dedicated team of specialized veterinarians and biologists who oversee health and welfare standards. While overall oversight is centralized, the daily responsibility for fish welfare lies with each individual production area, ensuring close monitoring and swift action when needed. Daily surveillance of fish behavior and health is conducted across all sites, supported by technologies such as underwater cameras, which allow continuous monitoring of fish behavior and appetite. Any deviations are promptly reported, ensuring rapid responses to potential health challenges.

Biosecurity is integral to our operations, with advanced tools and monitoring systems implemented to protect both farmed salmon and local ecosystems. Efforts include rigorous biosecurity protocols, regular water sampling to monitor pathogens, and site-specific Veterinary Health Plans tailored to each farm's conditions. Additionally, fish health measures include producing resilient smolt through selective breeding, vaccination programs, and maintaining optimal environmental conditions.

The management system incorporates animal welfare standards based on industry best practices and aligns with third-party certifications, such as the ASC, RSPCA and Global GAP.

The CEO is responsible for implementing the Fish Health and Welfare Policy and ensuring its execution aligns with Bakkafrost's sustainability commitments and regulations. Operational responsibility is assigned to the Quality, Environment, Safety, and Health (QESH) department. Line management in each department ensures the policy's implementation across all operations.

The Fish Health and Welfare Policy is accessible to all employees through internal systems and the company's website, ensuring transparency and accountability. The policy mandates:

- Humane handling, transport, and treatment of fish at all stages.
- Regular health monitoring conducted by trained veterinarians and aquaculture professionals.
- Implementation of biosecurity measures to prevent disease outbreaks and minimise stress on fish.
- Support for global food security through sustainable and ethical production practices, contributing to reliable food sources.

Continued Improvements

In 2023, Bakkafrost implemented enhanced monitoring protocols to align with the latest scientific insights and regulatory requirements. Collaborative research initiatives with universities and industry partners were launched to address emerging fish health and welfare challenges.

To operationalise the policy, we conduct regular site visits, audits, and training sessions to monitor compliance and address areas for improvement. We prioritise preventive approaches to fish health, including vaccination programs, selective breeding, and maintaining strict biosecurity protocols. Notably, Bakkafrost has not used antibiotics in its Faroese operations since 2004, underscoring our commitment to sustainable practices and fish health. Marine operations in Scotland have maintained antibiotic-free production since 2010.

Additionally, the policy includes measures to minimise stress during fish handling, transport, and slaughter. Live fish carriers (well boats) are specifically designed to ensure fish welfare, featuring rounded edges and smooth bends to prevent injuries, optimized cleaning systems to maintain hygiene, and the ability to regulate and maintain optimal water quality parameters, including oxygen levels and temperature. Fish are transported using well boats or bulk vehicles, with continuous monitoring of water quality to ensure safe and stress-free conditions. Humane slaughter practices are implemented through percussive stunning, ensuring compliance with approved animal welfare methods.

Addressing Risks and Impacts

To manage actual and potential positive impacts, Bakkafrost has implemented proactive measures, including research into resilient salmon strains and advanced monitoring systems to

ensure fish welfare. Actions to mitigate potential negative impacts include biosecurity enhancements, humane handling practices, and training programs.

To address actual negative impacts, Bakkafrost has implemented comprehensive remediation efforts. These include targeted treatments of affected salmon populations, adjustments to farming practices to enhance water quality, and infrastructure upgrades to mitigate future risks. Investigations are conducted to identify root causes, and insights gained are used to update protocols, strengthening resilience across operations.

Processes to Remediate Negative Impacts and Channels for Raising Concerns

Bakkafrost has established robust mechanisms to address and remediate adverse impacts on animal welfare. During disease outbreaks or environmental challenges, immediate actions are implemented, such as isolating affected stocks, optimizing water quality, and enhancing biosecurity measures. Our team of veterinarians leads investigations into incidents, ensuring root causes are identified, and corrective actions are taken to prevent a recurrence.

Mechanisms to track the effectiveness of these actions include monitoring systems, health assessments conducted by veterinarians, and regular reviews of operational data. Progress toward goals and targets is assessed at least monthly by the CEO, ensuring continuous oversight and swift action where needed. Lessons learned are used to refine operational policies and procedures. For example, insights from recent disease outbreak management have been integrated into updated biosecurity protocols, enhancing early detection and rapid response capabilities.

Employees are encouraged to report fish welfare concerns through designated channels, which ensure prompt resolution. These mechanisms reflect our commitment to transparency and compliance with certification standards. To evaluate the effectiveness of these reporting channels, we include animal welfare-related questions in periodic employee engagement surveys.

ESRS 2 MDR-A & GRI DR 3-3

Actions

At Bakkafrost, animal welfare is a cornerstone of sustainable aquaculture, integrated systematically into our operations, policies, and sustainability disclosures. We adhere to internationally recognized standards such as the Five Freedoms of Animal Welfare and align our practices with certifications including ASC, Global GAP, and RSPCA Assured. Below are the key initiatives undertaken to uphold and advance our animal welfare standards:

- Enhanced biosecurity measures
  To mitigate disease risks and safeguard salmon health, Bakkafrost has implemented stringent biosecurity protocols. These include stricter access controls, enhanced water filtration systems, and advanced site-specific Veterinary Health Plans across the Faroe Islands and Scotland. These measures prevent disease transmission, reduce fish stress, and improve survival rates. The implementation of these biosecurity measures is supported by operational budgets, and the associated expenses are detailed under the financial line item 'Operating expenses' for Farming Operations, as outlined in Note 2.3 of the Management Statement in this report.

- Sea lice management initiatives
  Bakkafrost has achieved record-low sea lice levels through innovative strategies like deploying dual-treatment freshwater systems and mechanical delousing systems. These methods avoid chemical and pharmaceutical interventions, reduce stress on farmed salmon, and minimise ecological impacts. Sea lice levels are continuously monitored and reported to authorities by third parties. Resources allocated to sea lice management are included under the financial line item 'Operating expenses' for Farming Operations, as detailed in Note 2.3 of the Management Statement in this report.

- Proactive Health Monitoring
  Specialised veterinarians and biologists conduct regular health assessments supported by advanced tools that monitor fish behaviour, water quality, and environmental conditions in real-time. This proactive approach enables swift interventions, enhances survival rates, and upholds high welfare standards. Monitoring systems and veterinary oversight are funded through the Quality, Environment, Safety, and Health (QESH) budget.

- Training and awareness
  Comprehensive training programs ensure that employees across all farming sites and hatcheries are equipped to handle fish humanely and mitigate potential welfare risks. These programs focus on the early detection of welfare issues, humane handling practices, and disease prevention strategies. Employee training fosters a culture of accountability and strengthens the implementation of welfare practices across operations. Training sessions are supported by operational budgets.

- Development of resilient salmon strains
  Bakkafrost invests in research and development initiatives to breed salmon strains with enhanced genetic resistance to environmental stressors such as disease outbreaks and sea lice. These efforts are part of the company's selective breeding program, which contributes to improved fish health and operational sustainability. Genetically resilient salmon reduce the need for medicinal interventions, minimizing stress and supporting welfare objectives. Investments in genetic research and innovation are detailed under the financial line item 'Research and Development Expenditures', as outlined in Note 2.3 of the Management Statement in this report.

  ASC Certification Compliance
  Maintaining compliance with ASC standards in the Faroe Islands and achieving full certification in Scotland by 2027 demonstrates Bakkafrost's commitment to globally recognized welfare practices. Third-party audits and regular compliance reviews ensure adherence to these standards. Certification validates the company's dedication to high animal welfare and sustainability standards. Expenses related to certification and compliance are reflected under operational budgets.

- Welfare-Specific KPIs and Reporting
  To enhance transparency and accountability, welfare-specific KPIs are integrated into organizational reporting. These metrics cover key indicators such as survival rates, compliance with welfare certifications, and sea lice prevalence. KPIs enable robust tracking of welfare performance and support data-driven decision-making. Additionally, Bakkafrost has a bonus system for all employees, linking performance incentives to key sustainability and welfare targets, reinforcing a company-wide commitment to high welfare standards. Reporting systems are supported by the Quality, Environment, Safety, and Health department and linked to operational monitoring frameworks. The associated costs are included under the financial line item 'Operating expenses' for Farming Operations, as outlined in Note 2.3 of the Management Statement in this report.

  Bakkafrost continues to advance animal welfare practices through innovation, proactive health management, and robust monitoring systems. These actions align with international sustainability standards, reinforcing the company's leadership in responsible aquaculture.

Monitoring and reporting

We upgraded our monitoring systems to include real-time tracking of water quality and fish behaviour, enabling rapid response to potential welfare issues.

Engagement with stakeholders has informed our actions, including collaborations with industry experts and feedback mechanisms through employee and community surveys. This engagement has been critical in validating the effectiveness of our animal welfare measures and refining our approach.

Bakkafrost remains committed to maintaining high standards of animal welfare, continuously implementing initiatives to mitigate risks and leverage opportunities for improvement.

A dedicated team of internal experts, including veterinarians, biologists, and specialists in fish welfare and disease prevention, work exclusively to uphold and enhance welfare standards across all operations. Their expertise supports proactive health management, biosecurity measures, and the continuous development of best practices. Stakeholder engagement has played a pivotal role in shaping our actions, with feedback from industry experts, employees, and local communities directly informing our welfare strategies. This collaborative approach has strengthened our initiatives, ensuring they effectively address stakeholder concerns and priorities.

METRICS AND TARGETS

ESRS 2 MDR-T & GRI DR 3-3

Targets and performance

Bakkafrost has set ambitious animal welfare and sustainability targets for 2026 to drive continuous improvement:

- Annual salmon survival rate of 96% (Faroes) and 92% (Scotland)
  Achieving annual survival rates of 96% in the Faroe Islands and 92% in Scotland by 2026 reflects the focus on improving fish welfare and health outcomes. This target underscores a commitment to minimizing mortality through proactive management strategies and innovative solutions.

  This is an absolute rolling target applied to Bakkafrost's direct farming operations in the Faroe Islands and Scotland. Progress is tracked through continuous monitoring of survival rates, real-time data collection, and veterinary health assessments.

  The base year is 2020, and the baseline survival rates are 90% (Faroe Islands) and 89% (Scotland).

  In 2024, survival rates remained high at 93.40% in the Faroe Islands and 84.72% in Scotland, resulting in a Group Survival Rate of 90.71% compared to 88.96% in 2023. This reflects the effectiveness of proactive health management strategies and improvements in welfare practices.

- Zero Antibiotic Use
  Maintaining antibiotic-free production across all operations is a long-standing commitment that reflects Bakkafrost's proactive approach to disease prevention and sustainable aquaculture.

  We have maintained antibiotic-free production in the Faroe Islands since 2004 and in marine operations in Scotland since 2010. This commitment minimises environmental impact, enhances fish health, and aligns with high sustainability standards.

  This absolute target applies to all farming operations in the Faroe Islands and Scotland. It is achieved through stringent biosecurity measures, vaccination programs, and ongoing veterinary oversight.

  The base year of the target is 2004 for Faroe Islands, and 2010 for Scotland marine operations. The base values are 0.

  Antibiotic-free Marine Operations: No antibiotics were used in marine operations in the Faroe Islands and Scotland in 2024.

  Antibiotic-free Freshwater/hatcheries: No antibiotics were used across all hatcheries in the Faroe Islands.

  In 2024, antibiotics were used in Scotland for a batch of juvenile salmon (under 100g) in a closed freshwater hatchery system. Veterinary supervision deemed treatment necessary as a last resort to ensure their survival and welfare. All necessary withdrawal periods were observed, and continuous monitoring confirmed full compliance with safety and welfare standards. 5.53g of antibiotics per tonne of salmon was used for this treatment for small fish (under 100g) in the closed hatchery system in Scotland. The antibiotics have a short metabolism time, meaning it is rapidly broken down and eliminated from the fish's system, ensuring all necessary withdrawal periods were observed with no residues in the final product at harvest.

  Working with live animals presents complex animal welfare challenges, and bacterial infections can threaten fish health. In rare cases, veterinary-prescribed antibiotics may be required as a last resort to protect fish welfare and prevent unnecessary mortality. In alignment with Aquaculture Stewardship Council (ASC) standards, we prohibit the use of antibiotics classified by the World Health Organization (WHO) as "critically important" for human medicine, ensuring these vital treatments remain effective for human health. Bakkafrost remains committed to not using antibiotics in our operation.

- Industry-leading Animal Welfare Standards
  Bakkafrost is committed to embedding high animal welfare standards across all operations, ensuring compliance with internationally recognized certifications such as ASC, Global GAP, and RSPCA Assured.

  This absolute target focuses on maintaining consistent welfare practices in Bakkafrost's direct farming operations in the Faroe Islands and Scotland. Progress will be evaluated through compliance audits, site inspections, and employee training programs.

  The base year is set to be 2016, but we have yet to establish a base value.

  In 2024, all operations maintained full compliance with third-party certification standards, supported by enhanced employee training programs.

- ASC Certification Compliance
  Maintaining ASC certification in the Faroe Islands and achieving full ASC certification in Scotland by 2027 supports adherence to global best practices for environmental and social responsibility. These certifications reinforce our commitment to responsible farming practices, ensuring high standards of fish welfare, biosecurity, and sustainability whilst ensuring continuous improvements across our operations.

  This absolute target applies to all farming sites, involving third-party audits, compliance checks, and improvement initiatives.

  The base year is 2013, with a base value of 0%. By 2020, all marine sites in the Faroe Islands had achieved ASC certification.

  In 2024, all sites in the Faroe Islands maintained ASC certification, and Scotland has 75% certified, making significant progress toward achieving full certification by 2027.

- Unique Breed Production
  Producing salmon from Bakkafrost's unique breed enhances resilience, sustainability, and product quality.

  This absolute target applies to direct farming operations in the Faroe Islands and Scotland. Progress is monitored through genetic improvements, broodstock management, and innovation in breeding programs.
  The base year is 2019 with no baseline value.

  During the reporting year, advanced breeding techniques optimised resilience, further enhancing survival and growth rates.

- Sea lice
  To learn more about our targets, metrics and performance regarding sea lice, please refer to the 'Environment' chapter, specifically the 'Biodiversity' section.

GRI 13.11 & METRICS DEVELOPED BY THE GLOBAL SALMON INITIATIVE

Animal Welfare

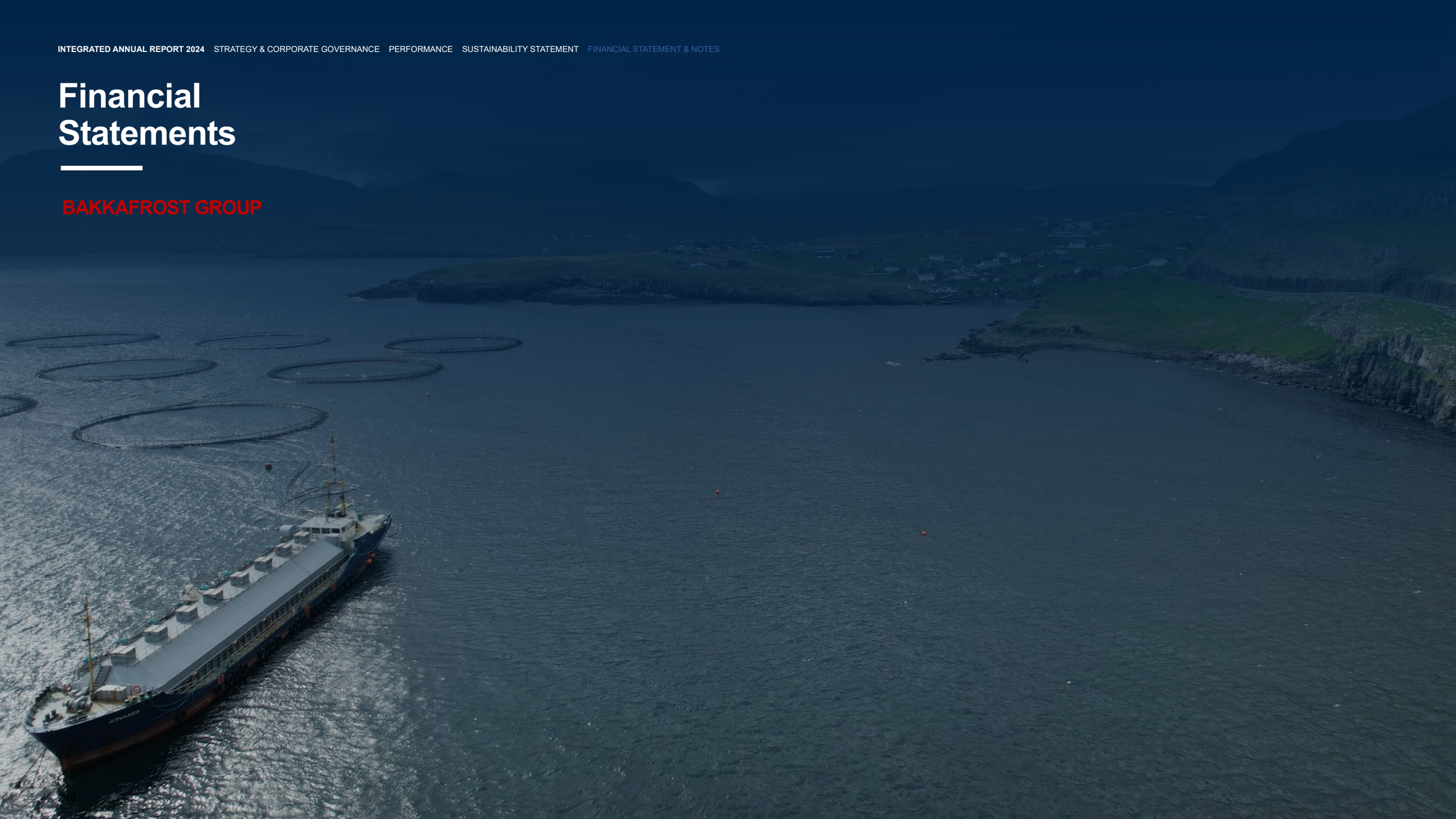
1 January 2024 – 31 December 2024	Unit	Target	2024	2023
Annual Survival Rate (Group)	**%**		**90.71**	**88.96**
Faroe Islands	%	96	93.40	92.7
Scotland	%	92	84.72	79.4
Monthly Survival Rate				
Faroe Islands	%		99.50	99.39
Scotland	%		98.58	98.29
Antibiotic use				
Marine Operations – Faroe Islands	g pr.tonne	0	0	0
Marine Operations – Scotland	g pr.tonne	0	0	0
Freshwater Operations – Faroe Islands	g pr.tonne	0	0	0
Freshwater Operations – Scotland	g pr.tonne	0	5.53	0
Harvested volume of which the salmon originated from an ASC-certified site (Group)	**%**		84	61

ESRS 2 MDR-M
ACCOUNTING POLICIES

ESRS Disclosure Requirement	Paragraph	Target / Data point	Accounting policy
All		Animal Welfare	All metrics cover the reporting period 1. January 2024 – 31. December 2024. No external body other than the assurance provider has provided validation for the following metrics
Entity specific		Survival rate	The number is calculated as 12 month rolling average. The calculation for the mortality rate includes the total of mortalities in sea last 12 months*/(closing # of fish in sea the last month + total # of mortalities in sea the last 12 months + total # of harvested fish the last 12 months + total # of culled fish in sea (due to illness or similar and not included in the harvest number))x100 *Not including cullings. Culling is the intentional destruction of fish prior to harvest for the purpose of controlling fish health concerns. Culling events may be a result of regulatory requirements or own fish health or product quality management decisions. The indicator includes dead fish in sea (in number). Fresh water mortalities are not included. The survival rate is then calculated as 100-mortality rate. There have been no changes in this target, or to its underlying metrics, during the reporting year.
Entity specific		Monthly Survival rate	The monthly survival rate is calculated as 100-(mortality rate/12). How to calculate the mortality rate is provided above. There have been no changes in this target, or to its underlying metrics, during the reporting year.
Entity specific		Antibiotic use (g pr.tonne)	The calculation of antibiotic use is defined as the amount of active pharmaceutical ingredients (API) used (in g) per tonne of fish produced (LWE). There have been no changes in this target, or to its underlying metrics, during the reporting year.
Entity specific		ASC certifications (percentage)	The total number of Bakkafrost ASC-certified sites is divided by the total number of Bakkafrost sites times 100. There have been no changes in this target, or to its underlying metrics, during the reporting year.

Financial Statements

BAKKAFROST GROUP



Content

BAKKAFROST GROUP

Consolidated Income Statement

FOR THE YEAR ENDED 31 DECEMBER

DKK 1,000	Note	2024	2023
Operating revenue		**7,333,674**	**7,140,849**
Purchase of goods		-1,490,413	-2,401,063
Change in inventory and biological assets (at cost)		-714,552	141,200
Salary and personnel expenses	2.4	-881,926	-862,670
Other operating expenses	2.5	-2,072,203	-1,875,239
Depreciation	3.1/3.2/3.3	-704,306	-637,209
Other income	2.5	79,418	37,942
Operational EBIT*		**1,549,692**	**1,543,810**
Fair value adjustments of biological assets	3.7	-368,909	-141,665
Income from associates		46,964	70,652
Revenue tax		-221,945	-152,836
Earnings before interest and taxes (EBIT)		**1,005,802**	**1,319,961**
Financial income	2.7	18,602	20,811
Net interest expenses	2.7	-199,533	-184,680
Net currency effects	2.7	34,905	2,784
Other financial expenses	2.7	-8,142	-10,525
Earnings before taxes (EBT)		**851,634**	**1,148,351**
Taxes	2.8	-206,839	-193,135
Profit or loss for the period continuing operations		**644,795**	**955,216**
Profit or loss for the year attributable to			
Non-controlling interests		-11,803	-358
Owners of P/F Bakkafrost		656,598	955,574
		644,795	**955,216**
Earnings/Diluted earnings per share (DKK)	4.3	10.88	16.14

Consolidated Statement of Other Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER

DKK 1,000	2024	2023
Profit for the year	**644,795**	**955,216**
Changes on financial derivatives	-4,167	-6,400
Hereof income tax effect	636	976
Reserve to share based payment	7,560	1,068
Currency translation differences	134,011	58,653
Net other comprehensive income to be reclassified to profit or loss in sub-sequent periods	**138,040**	**54,297**
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	**0**	**0**
Other comprehensive income	**138,040**	**54,297**
Total comprehensive income for the year net tax	**782,835**	**1,009,513**
Total comprehensive income attributable to		
Non-controlling interests	-11,803	-358
Owners of P/F Bakkafrost	794,638	1,009,871
	782,835	**1,009,513**

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

Consolidated Statement of Financial Position

AS AT 31 DECEMBER

DKK 1,000	Note	2024	2023
ASSETS			
Non-current assets			
Intangible assets		4,517,763	4,509,334
Total intangible assets	3.1	**4,517,763**	**4,509,334**
Property, plant and equipment	3.2	6,733,306	6,220,481
Right of use assets	3.3	320,847	413,277
Total property, plant and equipment		**7,054,153**	**6,633,758**
Non-current financial assets			
Investments in associated companies	3.4	333,486	287,718
Investments in stocks and shares	3.5	983	983
Long-term receivables	3.8	0	0
Deferred tax assets	2.8	590,331	512,485
Total non-current financial assets		**924,800**	**801,186**
TOTAL NON-CURRENT ASSETS		**12,496,716**	**11,944,278**
Current assets			
Biological assets (biomass)	3.7	3,138,657	3,335,570
Inventory	3.6	670,935	1,148,788
Total inventory		**3,809,592**	**4,484,358**
Derivatives	3.13	0	374
Accounts receivables	3.8	674,819	850,338
Tax receivables	2.8	0	56,112
Other receivables	3.8	212,502	94,027
Total receivables		**887,321**	**1,000,851**
Cash and cash equivalents	3.9	480,506	411,674
TOTAL CURRENT ASSETS		**5,177,419**	**5,896,883**
TOTAL ASSETS		**17,674,135**	**17,841,161**

DKK 1,000	Note	2024	2023
EQUITY AND LIABILITIES			
Equity			
Share capital	3.10	59,305	59,228
Other equity		11,106,110	10,803,571
Non-controlling interest		-8,748	3,055
Total equity		**11,156,667**	**10,865,854**
Non-current liabilities			
Deferred taxes	2.8	2,036,551	1,952,668
Long-term interest-bearing debt	3.11	3,480,527	3,944,498
Long-term leasing debt	3.3	233,897	331,115
Total non-current liabilities		**5,750,975**	**6,228,281**
Current liabilities			
Financial derivatives	3.13	3,447	0
Trade payables		433,092	387,615
Current tax liabilities	2.8	186,364	210,367
Short-term leasing debt	3.3	64,856	65,848
Other current liabilities		78,734	83,196
Total current liabilities		**766,493**	**747,026**
Total liabilities		**6,517,468**	**6,975,307**
TOTAL EQUITY AND LIABILITIES		**17,674,135**	**17,841,161**

Consolidated Cash Flow Statement

For the Year ended 31 December

Accounting Policies

The Group's statement of cash flow shows a breakdown of the Group's overall cash flow into operating, investing, and financing activities. The cash flow statement is prepared according to the indirect method. The statement shows the individual activity's impact on cash and cash equivalents. The cash flow deriving from the acquisition and sale of businesses is presented under investing activities.

DKK 1,000	Note	2024	2023
Cash flow from operations			
EBIT		**1,005,802**	**1,319,961**
Adjustments for write-downs and depreciation	3.1/3.2/3.3	704,306	637,209
Adjustments for fair value adjustments on biomass	3.7	368,909	141,665
Adjustments for income from associates		-46,964	-70,652
Adjustments for currency effects		81,403	46,414
Taxes paid		-209,475	-196,993
Change in inventory		305,857	-613,194
Change in receivables		77,152	113,955
Change in current debts		67,925	-355,643
Cash flow from operations		**2,354,915**	**1,022,722**
Cash flow from investments			
Proceeds from sale of fixed assets		4,156	2,085
Payments made for purchase of fixed assets	3.2	-1,026,137	-1,062,091
Purchase of shares and other investments		7,712	16,160
Change in long-term receivables		0	0
Cash flow from investments		**-1,014,269**	**-1,043,846**
Cash flow from financing			
Change in revolving credit facilities		-464,919	546,241
Financial income		20,209	21,788
Financial expenses		-209,282	-186,630
Lease payment		-126,073	-130,740
Proceeds/Acquisition of treasury shares		-7,859	13,435
Proceeds from share capital increases		31,380	40,531
Dividend paid		-515,270	-591,430
Cash flow from financing		**-1,271,814**	**-286,805**
Net change in cash and cash equivalents in period		**68,832**	**-307,929**
Cash and cash equivalents – opening balance		411,674	719,603
Cash and cash equivalents – closing balance total		**480,506**	**411,674**

Consolidated Statement of Changes in Equity

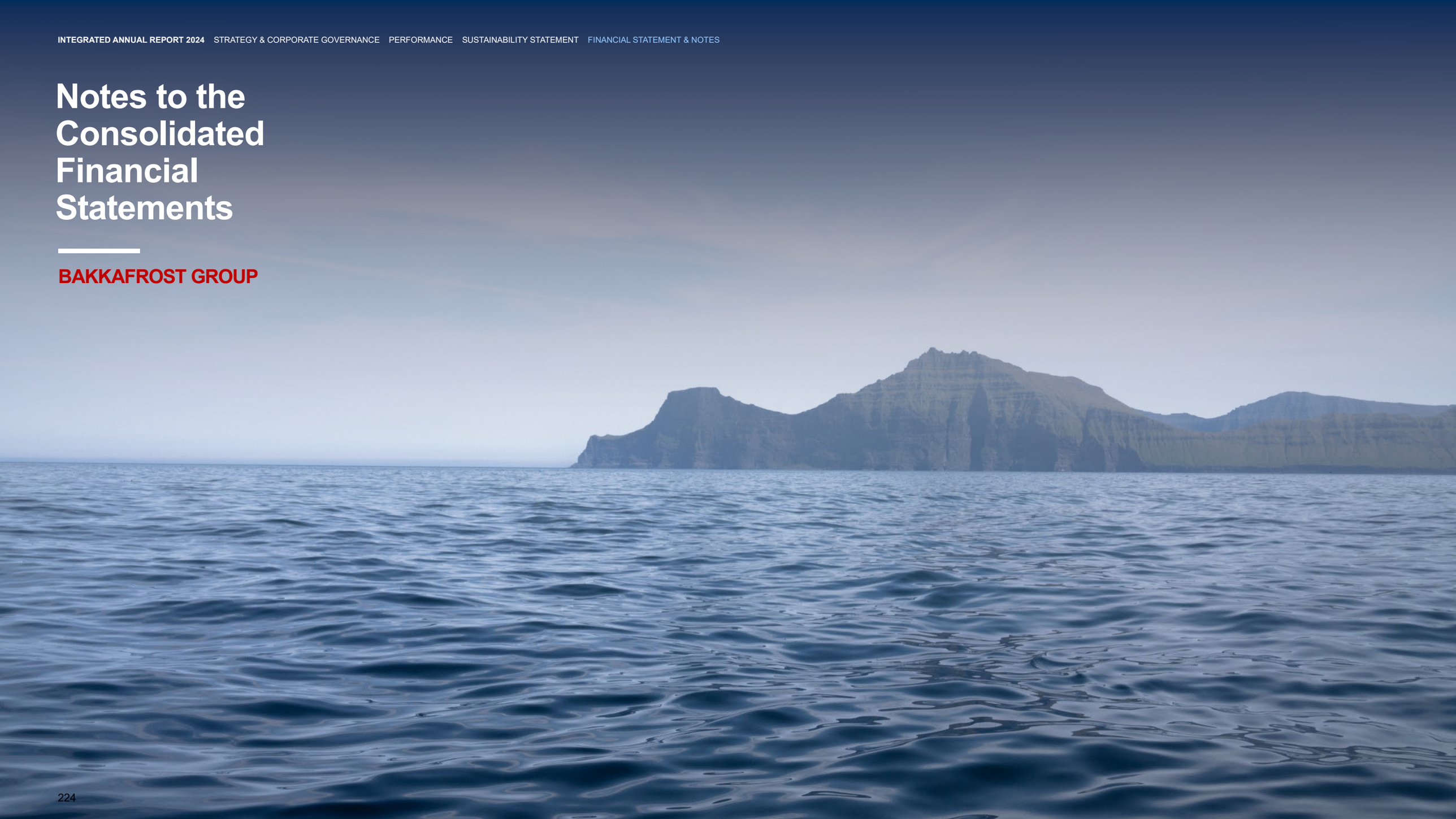
As at 31 December

Restricted equity comprises equity in which distribution to the shareholders may only take place adhering to specific procedures prescribed by the Faroese Limited Companies Act. Restricted equity consists of Equity Recognition Surplus and Fair Value Adjustments of Biomass. Free equity may be readily distributed to the shareholders, or otherwise disposed of, after due approval by the AGM. The composition of equity may be specified as follows:businesses is presented under investing activities.

DKK 1,000	Share Capital	Share Premium Reserve	Treasury Shares	Share-Based Payment	Currency translation differences	Derivatives	Dividend	Biomass Fair value adjust-ments	Retained Earnings	Non controlling interest	Total Equity
Equity 01.01.2024	**59,228**	**4,027,375**	**-8,478**	**21,627**	**76,395**	**702**	**515,284**	**741,434**	**5,429,232**	**3,055**	**10,865,854**
Consolidated profit	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-368,909**	**1,025,507**	**-11,803**	**644,795**
Other comprehensive income:											
Changes in financial derivatives	0	0	0	0	0	-4,166	0	0	0	0	-4,166
Hereof tax effect	0	0	0	0	0	636	0	0	0	0	636
Share-based payment	0	0	0	7,561	0	0	0	0	0	0	7,561
Currency translation differences	0	0	0	0	134,011	0	0	0	0	0	134,011
Total other comprehensive income	**0**	**0**	**0**	**7,561**	**134,011**	**-3,530**	**0**	**0**	**0**	**0**	**138,042**
Total comprehensive income	**0**	**0**	**0**	**7,561**	**134,011**	**-3,530**	**0**	**-368,909**	**1,025,507**	**-11,803**	**782,837**
Transaction with owners:											
Treasury shares	0	0	-6,024	0	0	0	0	0	-2,816	0	-8,840
Share capital increase	77	31,304	0	0	0	0	0	0	0	0	31,381
Paid-out dividend	0	0	0	0	0	0	-515,284	0	719	0	-514,565
Proposed dividend	0	0	0	0	0	0	500,531	0	-500,531	0	0
Total transaction with owners	**77**	**31,304**	**-6,024**	**0**	**0**	**0**	**-14,753**	**0**	**-502,628**	**0**	**-492,024**
Total changes in equity	**77**	**31,304**	**-6,024**	**7,561**	**134,011**	**-3,530**	**-14,753**	**-368,909**	**522,879**	**-11,803**	**290,813**
Total equity 31.12.2024	**59,305**	**4,058,679**	**-14,502**	**29,188**	**210,406**	**-2,828**	**500,531**	**372,525**	**5,952,111**	**-8,748**	**11,156,667**
Equity 01.01.2023	**59,143**	**4,027,375**	**-18,512**	**20,559**	**17,742**	**6,126**	**591,430**	**883,099**	**4,805,438**	**3,413**	**10,395,813**
Consolidated profit	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-141,665**	**1,097,239**	**-358**	**955,216**
Other comprehensive income:											
Changes in financial derivatives	0	0	0	0	0	-6,400	0	0	0	0	-6,400
Hereof tax effect	0	0	0	0	0	976	0	0	0	0	976
Share-based payment	0	0	0	1,068	0	0	0	0	0	0	1,068
Currency translation differences	0	0	0	0	58,653	0	0	0	0	0	58,653
Total other comprehensive income	**0**	**0**	**0**	**1,068**	**58,653**	**-5,424**	**0**	**0**	**0**	**0**	**54,297**
Total comprehensive income	**0**	**0**	**0**	**1,068**	**58,653**	**-5,424**	**0**	**-141,665**	**1,097,239**	**-358**	**1,009,513**
Transaction with owners:											
Treasury shares	0	0	10,034	0	0	0	0	0	1,102	0	11,136
Share capital increase	85	0	0	0	0	0	0	0	40,446	0	40,531
Paid-out dividend	0	0	0	0	0	0	-591,430	0	291	0	-591,139
Proposed dividend	**0**	**0**	**0**	**0**	**0**	**0**	**515,284**	**0**	**-515,284**	**0**	**0**
Total transaction with owners	**85**	**0**	**10,034**	**0**	**0**	**0**	**-76,146**	**0**	**-473,445**	**0**	**-539,472**
Total changes in equity	**85**	**0**	**10,034**	**1,068**	**58,653**	**-5,424**	**-76,146**	**-141,665**	**623,794**	**-358**	**470,041**
Total equity 31.12.2023	**59,228**	**4,027,375**	**-8,478**	**21,627**	**76,395**	**702**	**515,284**	**741,434**	**5,429,232**	**3,055**	**10,865,854**

Notes to the Consolidated Financial Statements

BAKKAFROST GROUP



NOTES – SECTION 1

Basis of Preparation

This section gives an overview of the financial accounting policies in general and an overview of the management's key accounting estimates.

NOTE 1. GENERAL INFORMATION

P/F Bakkafrost ("company") is a public limited company domiciled in the Faroe Islands at Bakkavegur 9, Glyvrar. P/F Bakkafrost was listed on Oslo Stock Exchange in 2010 with the ticker code: BAKKA.

NOTE 1.1 SUMMARYOF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all periods presented.

NOTE 1.2 BASIS OF PRESENTATION

The consolidated financial statements comprise the income statement, statement of comprehensive income, statement of financial position, specification of changes in equity, cash flow statement and note disclosures for the Group. The accounting year equals the calendar year. The financial statements were formally drawn up in accordance with International Financial Reporting Standards (IFRS) and the interpretations issued by the International Accounting Standards Board as approved by the European Community and the additional requirements in the Faroese Financial Reporting act.

The consolidated financial statements for the period 1 January to 31 December 2024 comprises both the Consolidated Annual Report and Accounts for P/F Bakkafrost and its subsidiaries (Group) and the separate Annual Accounts for the parent company.

The financial statements were formally authorized for issue by the Board of Directors on 31 March 2025.

The financial statements have been prepared on a historical cost basis except for where IFRS requires recognition at fair value, mainly valuation of licences, which are acquired by business combinations, and of biomass.

Preparation of the financial statements involves the use of estimates and assumptions. Changes in estimates and estimated assumptions are accounted for when they occur. Descriptions about the various estimates applied are given in the notes to the accounts where relevant.

NOTE 1.3 CONSOLIDATION PRINCIPLES

The consolidated financial statements include P/F Bakkafrost and the subsidiaries over which P/F Bakkafrost has a controlling influence either by shareholding or by agreement. A controlling interest is normally deemed to exist when ownership directly or indirectly exceeds 50% of the voting rights. Controlling interest may also exist by nature of agreement. Similarly, limitations in voting rights by agreement may impede exercise of control, and the investment concerned will be considered an associate.

Newly acquired subsidiaries are included from the date on which a controlling interest is secured, and divested subsidiaries are included up until the date of divestment. The consolidated accounts have been prepared in accordance with uniform accounting principles for similar transactions in all companies included in the consolidated accounts.

All material transactions and balances between Group Companies have been eliminated.

Shares in subsidiaries have been eliminated in the consolidated financial statements in accordance with the acquisition method. This means that the acquired company's assets and liabilities are reported at fair value at the date of acquisition, with any excess value being classified as goodwill. Where the fair value of the assets acquired exceeds, the payment made, the difference is treated as negative goodwill in the Income Statement.

When shares are acquired in stages, the value basis of the assets and liabilities is the date, the Group was formed. Later acquisition of assets in existing subsidiaries will not affect the value of assets or liabilities, except for goodwill, which is calculated with each acquisition.

Investments in companies in which the Group has a significant influence (associated companies) are treated in accordance with the equity method in the consolidated accounts. A considerable influence is normally deemed to exist when the Group owns 20–50% of the voting capital. The Group's share of the profits in such companies is based on profit after tax, less internal gains, and depreciation on excess value due to the cost price of the shares being higher than the acquired portion of book equity. In the Income Statement, the profit share is presented on a separate line, while the assets are presented in the statement of financial position as non-current financial assets. The accounting principles used by associated companies have been changed where necessary to achieve consistency with the principles used by the Group.

NOTE 1.4 TRANSLATION OF FOREIGN CURRENCIES

For each individual entity, which is recognized in the consolidated accounts, a functional currency is determined in which the entity measures its results and financial position. The functional currency is the currency of the primary economic environment in which the entity operates. Transactions in other currencies than the functional currency are transactions in a foreign currency.

A foreign currency transaction is, on initial recognition, recorded in the functional currency at the spot exchange rate between the functional currency and the foreign currency on the date of the transaction.

At each balance sheet date, receivables, payables, and other monetary items in foreign currency are translated to the functional currency using the closing rate. Exchange differences arising on the settlement of monetary items or on translating monetary items, at rates different from those at which they were translated on initial recognition during the period or in previous financial statements, shall be recognized in the income statement under financial revenues and expenses.

On consolidation, the results and financial position of the Group's individual entities with different functional currencies than the Group's presentation currency (DKK) are translated into the Group's presentation currency using the following procedure:

Assets and liabilities are translated at the closing rate at the date of the balance sheet.

Income and expenses are translated at exchange rates at the dates of the transactions.

All resulting exchange differences are recognized directly in equity as a separate component of equity. For practical reasons an average rate for the period that approximates the exchange rates at the dates of the transactions is used.

NOTE 1.5 CLASSIFICATION PRINCIPLES

Biomass is recognized at fair value in the Statement of Financial Position. Changes in biomass and inventory measured at cost are presented as a one-line item in the Income Statement. Biomass at cost consists of all production costs. The biomass is then adjusted to fair value, i.e., market value less finishing costs, by adding or subtracting an IFRS adjustment. The IFRS adjustment is the difference between biomass measured at cost and measured at fair value.

Cash and cash equivalents consist of cash in hand and bank deposits. Assets, which form part of the production cycle or fall due for payment within 12 months, are classified as current assets. Other assets are classified as non-current assets. Liabilities, which form part of the production cycle or fall due for payment within 12 months, are classified as current liabilities. Other liabilities are classified as non-current liabilities.

Dividend proposals are not classified as liabilities until the parent company has assumed an irrevocable obligation to pay the dividend, normally when dividend proposals have been approved by the Annual General Meeting.

Next year's instalments on long-term debts are classified as current liabilities.

Changes in the fair value of biological assets are presented on a line item separately from biomass changes measured at cost under operating profit/loss. This allows the reader of the Financial Report to determine both production efficiency and biomass at fair value.

NOTE 1.6 FUNCTIONAL CURRENCY

The consolidated accounts are presented in Danish Kroner (DKK), which is the Group's functional and presentation currency. All transactions in foreign currencies are translated into DKK at the time of transaction. In the statement of financial position, monetary items in foreign currencies are translated at the exchange rate in effect on the statement of financial position date.

NOTE 1.7 NEW STANDARDS

Standards and interpretations, which are issued at the date of the Group's Financial statements, but will become effective later, are disclosed below. The disclosures contain standards including amendments, which may influence recognition or measurements in the Financial statements, alter existing disclosures or require additional disclosures when effective at a future date. The standards are implemented as they become effective. New standards, regulating issues not relevant to the Group or with insignificant impact on the Group, are omitted from this narrative.

New standards effective from 1 January 2024
Only minor adjustments have been made in standards and interpretations (IFRIC) which are effective for the financial year 2024. Neither are new standards nor amendments to these from 2024 and forth expected to have any impact on the Bakkafrost Group.

NOTE 1.8 ACCOUNTING ESTIMATES

The preparation of financial statements in accordance with IFRS requires the management to make judgement estimates and assumptions that affect the application of accounting principles and carrying amounts of assets and liabilities, income, and expenses. The estimates and underlying assumptions are based on experience and other factors perceived to be relevant and probable when the judgements were made.

Estimates are reviewed on an on-going basis, and actual values and results may deviate from the initial estimates. Revision to accounting estimates is recognized in the period in which the estimates are revised. The evaluations and estimates, deemed to be of greatest significance for Bakkafrost Group's Financial Statements, are described in the notes.

NOTE 1.9 IXBRL REPORTING

We are required to file our annual report in the European Single Electronic Format ('ESEF') using the XHTML format and to tag the primary consolidated financial statements using Inline eXtensible Business Reporting Language (iXBRL). The iXBRL tags comply with the ESEF taxonomy. Where a financial statement line item is not defined in the ESEF taxonomy, an extension to the taxonomy has been created. The annual report submitted to the Faroese Financial Supervisory Authority consists of the XHTML document together with certain technical files, all included in a ZIP file named 2138007LH7OP4V112978-2024-12-31.

NOTES – SECTION 2

Results for the Year

This section gives more details on the results for the year, including operating segments, taxes, and employee costs.

NOTE 2.1 REVENUE

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of business. Revenue is recognised net of discounts, VAT and other sales related taxes.

The revenue of the Group is mainly from sales of salmon, fish-meal, fish oil and fish feed. Sales revenue is recognized when the goods are delivered, and both title and risk have passed to the customer. This will normally be upon delivery.

NOTE 2.2 MAJOR CUSTOMERS

In 2024, there were no major customers - as defined in IFRS 8.34, compared to no major customer in 2023.

NOTE 2.3 OPERATING SEGMENT INFORMATION

2024 – DKK 1,000	Fishmeal, oil and feed	Freshwater Faroe Islands	Freshwater Scotland	Farming Faroe Islands	Farming Scotland	Services	Sales and other	Eliminations	Group
External operating revenues	696,889	0	878	740	4,429	42,428	6,588,310	0	7,333,674
Internal operating revenues	2,033,651	782,053	116,380	3,916,580	1,837,043	852,180	3,623,817	-13,161,704	0
Total operating revenues	**2,730,540**	**782,053**	**117,258**	**3,917,320**	**1,841,472**	**894,608**	**10,212,127**	**-13,161,704**	**7,333,674**
Depreciation and amortization	-26,402	-117,029	-36,368	-125,108	-209,241	-115,271	-74,886	0	-704,305
Change in internal margin	0	0	0	0	0	0	0	-84,258	-84,258
Operating expenses	-2,202,159	-375,911	-179,798	-3,057,810	-1,731,369	-696,809	-9,992,685	13,161,704	-5,074,837
Other income	0	0	0	14,886	0	0	64,532	0	79,418
Operational EBIT	**501,979**	**289,113**	**-98,908**	**749,288**	**-99,138**	**82,528**	**209,088**	**-84,258**	**1,549,692**
Fair value adjustments on biological assets	0	0	0	-60,260	-308,649	0	0	0	-368,909
Income from associates	46,536	0	0	0	0	214	214	0	46,964
Revenue tax	0	0	0	-199,841	-22,104	0	0	0	-221,945
EBIT	**548,515**	**289,113**	**-98,908**	**489,187**	**-429,891**	**82,742**	**209,302**	**-84,258**	**1,005,802**
Operational EBITDA	**528,381**	**406,142**	**-62,540**	**874,396**	**110,103**	**197,799**	**283,974**	**-84,258**	**2,253,997**
INVESTMENTS in Property, plant and equipment	234,148	151,093	192,383	225,458	84,775	80,369	45,073		1,013,299

2023 – DKK 1,000									
External operating revenues	1,576,435	1,211	0	581	1,138	44,176	5,517,308	0	7,140,849
Internal operating revenues	1,912,300	585,177	141,803	3,311,033	1,451,514	738,689	3,755,509	-11,896,025	0
Total operating revenues	**3,488,735**	**586,388**	**141,803**	**3,311,614**	**1,452,652**	**782,865**	**9,272,817**	**-11,896,025**	**7,140,849**
Depreciation and amortization	-26,490	-86,926	-15,533	-123,511	-257,028	-98,822	-28,899	0	-637,209
Change in internal margin	0	0	0	0	0	0	0	-63,196	-63,196
Operating expenses	-2,670,785	-342,732	-117,096	-2,637,311	-1,388,658	-640,494	-9,033,525	11,896,025	-4,934,576
Other income	0	0	0	0	37,942	0	0	0	37,942
Operational EBIT	**791,460**	**156,730**	**9,174**	**550,792**	**-155,092**	**43,549**	**210,393**	**-63,196**	**1,543,810**
Fair value adjustments on biological assets	0	0	0	-53,750	-87,915	0	0	0	-141,665
Income from associates	70,685	0	0	0	0	0	-33	0	70,652
Revenue tax	0	0	0	-137,066	-15,770	0	0	0	-152,836
EBIT	**862,145**	**156,730**	**9,174**	**359,976**	**-258,777**	**43,549**	**210,360**	**-63,196**	**1,319,961**
Operational EBITDA	**817,950**	**243,656**	**24,707**	**674,303**	**101,936**	**142,371**	**239,292**	**-63,196**	**2,181,019**
INVESTMENTS in Property, plant and equipment	172,194	203,386	183,136	105,831	124,324	63,328	188,504		1,040,703

FARMING FO DISTRIBUTION OF HARVESTED VOLUMES	2024 tgw	2024 %	2023 tgw	2023 %
Harvested FO volume used in VAP production	13,666	21.8%	22,787	43.5%
Harvested FO volume sold fresh/frozen	49,110	78.2%	29,621	56.5%
Total harvested volumes	**62,776**	**100.0%**	**52,408**	**100.0%**

FOF SEGMENT DISTRIBUTION OF FEED	tonnes	%	tonnes	%
Volumes used internally	138,424	98.6%	124,321	97.3%
External sold	1,937	1.4%	3,454	2.7%
Sold volumes	**140,361**	**100.0%**	**127,775**	**100.0%**

PRODUCTION OF FISHMEAL AND FISH OIL	tonnes	%	tonnes	%
Fishmeal	66,414	85.9%	101,976	74.6%
Fish oil	10,919	14.1%	34,786	25.4%
Total production	**77,333**	**100.0%**	**136,762**	**100.0%**

FARMING SCT DISTRIBUTION OF HARVESTED VOLUMES	tgw	%	tgw	%
Harvested volume sold fresh/frozen	27,880	100.0%	20,598	100.0%
Total harvested volumes	**27,880**	**100.0%**	**20,598**	**100.0%**

GEOGRAPHIC BREAKDOWN OF SALES REVENUES BASED ON SEGMENTS AND CUSTOMER LOCATION

2024 – DKK 1,000	Fishmeal, oil and feed	Freshwater Faroe Islands	Freshwater Scotland	Farming Faroe Islands	Farming Scotland	Services	Sales & Other	Total
Western Europe	696,889	0	878	740	4,429	42,428	3,978,680	4,724,044
North America	0	0	0	0	0	0	1,412,534	1,412,534
Asia	0	0	0	0	0	0	944,764	944,764
Eastern Europe	0	0	0	0	0	0	233,885	233,885
Rest of the world	0	0	0	0	0	0	18,447	18,447
Total	**696,889**	**0**	**878**	**740**	**4,429**	**42,428**	**6,588,310**	**7,333,674**
2023 – DKK 1,000								
Western Europe	1,576,435	1,211	0	581	1,138	44,176	3,268,230	4,891,771
North America	0	0	0	0	0	0	1,358,253	1,358,253
Asia	0	0	0	0	0	0	643,602	643,602
Eastern Europe	0	0	0	0	0	0	215,663	215,663
Rest of the world	,	0	0	0	0	0	31,560	31,560
Total	**1,576,435**	**1,211**	**0**	**581**	**1,138**	**44,176**	**5,517,308**	**7,140,849**

The Group has seven reportable segments in accordance with IFRS 8, Operating Segments. A new segmentation was implemented in the third quarter of 2023, resulting in the transformation of the previous four segments into seven segments. Comparative figures have been adjusted in accordance with the new segmentation. The main purpose of the new segment structure is to derive to a clear definition of how the value creation is split across the value chain. The Group's main strategic business area is aquaculture, which now consists of the following seven segments: fishmeal, fish oil and fish Feed (FOF), freshwater Faroe Islands, freshwater Scotland, farming Faroe Islands, farming Scotland, services, and sales & other.

The same accounting principles, as described to the consolidated financial statements, have been applied for the segment reporting. Intersegment transfers or transactions are entered into under normal commercial terms and conditions, and the measurement used in the segment reporting is the same as used for third-party transactions. The pricing principle between the segments is based on market reference prices for spot sale.

ACCOUNTING POLICIES SEGMENT REPORTING

Fishmeal, fish oil and fish feed (FOF)
Fishmeal, fish oil and fish feed involve the production and sale of fishmeal, fish oil and fish feed. The production of fishmeal, fish oil and fish feed are operated by Bakkafrost's subsidiary Havsbrún, located in Fuglafjørður. Intersegment transfers follow standard commercial terms and are measured using the same criteria as transactions with third parties. The pricing principle between the FOF and the Farming segments is based on quarterly contracts.

Freshwater Faroe Islands and Freshwater Scotland
The two Freshwater segments both include broodstock and smolt production in hatcheries on land. In the broodstock operation, eggs are produced from breeding self-owned salmon strains. Eggs are sold to the hatcheries who in turn produce from egg to smolt, which are sold to the Farming operations in the Faroe Islands and Scotland. The pricing principle between the freshwater segments and farming segments is based on estimates of prevailing market prices, ensuring fair and transparent pricing and transactions.

Farming Faroe Islands and Farming Scotland
Fish farming involves the on-growing of salmon, nurturing them in the marine environment from smolt to harvest-ready salmon. The Group holds marine farming licenses around the Faroe Islands and Scotland, which are reported as two separate segments (farming Faroe Islands and farming Scotland). The pricing principle between, the farming segments and the sales & other segment is determined by market reference prices for spot sales.

Services
The services segment offers various services to the Group. It manages a fleet of farming service vessels, providing fish transportation, treatments, net cleaning, heavy marine support services, and it also converts organic waste into biogas, heating, electricity, and fertilizer for external sale. Furthermore, this segment provides harvesting services to both the Scottish and Faroese farming operations, along with producing styrofoam boxes to the Faroese operation. Intersegmental transfers and transactions are priced based on direct market prices, if possible, or estimates derived from market pricing and external pricing approaches.

Sales & Other
The sales & other segment optimizes the value creation and retention from the harvested fish and provides freight & logistical services. The segment strategically utilises processing capacities located in key regions such as the Faroe Islands, Scotland, Denmark, and the United States to enhance the production of value-added products (VAP). The pricing approach for sales administration is based on benchmarking analysis from external sources as well as pricing contracts.

NOTE 2.4 SALARIES AND OTHER PERSONNEL EXPENSES

DKK 1,000		2024	2023
Wages and salaries		697,210	686,998
Share based payment		38,431	43,678
Social security taxes		58,755	48,485
Pension expenses		63,035	59,104
Other benefits		24,495	24,405
Total payroll expenses		**881,926**	**862,670**
Average number of full-time employees		1,567	1,686
Fees paid to the Board of Directors			
Rúni M. Hansen**	Chairman of the Board	499	489
Guðrið Højgaard	Member of the Board	227	222
Annika Frederiksberg*	Member of the Board	227	222
Einar Wathne	Member of the Board	277	260
Teitur Samuelsen **	Member of the Board	296	282
Øystein Sandvik**	Member of the Board	329	310
Alf-Helge Aarskog***	Member of the Board	170	0
Total remuneration		**2,025**	**1,785**

* Is also an employee in the Bakkafrost Group. For this, she received DKK 704 thousand (2023: DKK 680 thousand).
** Member of the audit committee. Salary includes fee to the audit committee
*** Member of the Board of Directors from May 2024

Remuneration to corporate management
The total remuneration to the corporate management consists of basic salary (main element), benefits in-kind and pension schemes, but varies from person to person. The Group's Chief Executive Officer determines the remunerations to other management in agreement with the Remuneration Committee. The total remuneration is determined based on the need to offer competitive terms in the various business areas. The remunerations should promote the Group's competitiveness in the relevant labour market.

The total remuneration must neither pose a threat to Bakkafrost's reputation nor be market leading but should ensure that Bakkafrost attracts and retains senior executives with the desired skills and experience. The basic salary is subject to an annual evaluation and is determined based on general salary levels in the labour market.

Notice of Termination and Severance Payment
Bakkafrost may terminate employment by giving Group Management Executives a notice period. The company's period of notice for the Group's Chief Executive Officer is 24 months. The company's period of notice for other Group Management Executives covers a period from 6 to 12 months.

SHARE-BASED PAYMENTS
In 2021, Bakkafrost implemented a share-based bonus scheme for all employees in the Group. According to the scheme, all employees are awarded free bonus shares dependent on achieved performance against certain KPIs and Bakkafrost Group's adjusted earnings per share being above a certain threshold. The bonus shares are awarded quarterly as restricted shares units which are released pursuant only to the Annual General Meeting resolution to pay dividends to the shareholders. Employees still employed two calendar years after being awarded bonus shares, will additionally receive free loyalty shares.

Each quarter, the Board reviews and determines the parameters used in the bonus scheme – e.g. overall size of bonus pool, KPIs and thresholds. The Board has the right to decide, in its sole discretion, whether the bonus scheme will be continued in the following quarter, and the terms of the plan.

SHARE SAVING PLAN
Bakkafrost has established a share saving plan for its employees in the Faroe Islands. In 2022, the savings plan was extended to all employees of the Group. It is the Board's intention that the plan shall be a continuing part of the company's employee incentive scheme. The Board shall, however, have the right to decide, in its sole discretion, whether the plan will be extended in the future, and the terms of the plan.

Employees may invest up to 5% of their base salary in Bakkafrost shares. The saved amount is deducted from the monthly net salary and used to purchase Bakkafrost shares on behalf of the employees. The purchase will be made from Bakkafrost's treasury shares or on the market. An employee may not change the savings amount during the year, but an employee may cancel the subscription during the year. The purchase price and the number of shares acquired by the company will be reported in accordance with the applicable regulations.
After a lock-in period of two calendar years, one extra matching share will be awarded for each share purchased. Shares transferred to employees are acquired by the company on the market.

LOANS TO EMPLOYEES
As at 31.12.2024, there are no loans to employees.

ACCOUNTING POLICIES SHARE-BASED PAYMENTS

The share saving plan liabilities and payroll expense have been allocated over the employees' contribution period. The contribution period is from when the employee signed the share saving plan and until the shares are granted. The fair value of these liabilities will be determined using the number of shares contracted at the start of the share saving plan, using the share price on the date of the employee signature, adjustment is made for estimated leavers of the share saving plan. The difference between the fair value and the share price, when the shares are granted, will be booked as a financial item in the income statement. The liability is recognized in other equity reserves within equity.

PENSIONS

The Group operates a defined contribution pension scheme. Pension premiums are charged to the Income Statement as they accrue. The Group has no additional pension liabilities towards the employees, apart from these periodical payments.

REMUNERATION TO CORPORATE MANAGEMENT

2024	Fixed remuneration DKK 1,000				Variable remuneration number shares				
Salary and other benefits paid	**Salary**	**Pension**	**Other**	**Total tDKK**	**Bonus**	**RSU 1***	**RSU 2****	**Share saving plan**	**Total**
Chief Executive Officer	2,653	265	89	3,007	0	934	934	325	2,193
Managing Director	1,848	185	0	2,033	0	650	650	226	1,526
Chief Financial Officer	1,848	185	89	2,122	0	650	650	226	1,526
Total remuneration	**6,349**	**635**	**178**	**7,162**	**0**	**2,234**	**2,234**	**777**	**5,245**
2023									
Salary and other benefits paid									
Chief Executive Officer	2,571	233	89	2,893	0	1,136	1,136	316	2,588
Managing Director	1,789	162	0	1,951	0	790	790	197	1,777
Chief Financial Officer	1,789	162	89	2,040	0	790	790	253	1,833
Total remuneration	**6,149**	**557**	**178**	**6,884**	**0**	**2,716**	**2,716**	**766**	**6,198**

* Restricted Stock Units 1 will be released out as shares if the AGM pays out a dividend

** Restricted Stock Units 2 will be released in shares in 2026 if the AGM pays out a dividend and the employee still is hired

Movements in variable remuneration number of shares

	Outstanding per 01.01.24	Addition RSU	Released RSU	Outstanding per 31.12.24
Chief Executive Officer	3,745	2,395	1,379	4,761
Managing Director	2,663	1,666	984	3,345
Chief Financial Officer	2,622	1,666	942	3,346

	Outstanding per 01.01.23	Addition RSU	Released RSU	Outstanding per 31.12.23
Chief Executive Officer	2,663	2,545	1,463	3,745
Managing Director	1,939	1,809	1,085	2,663
Chief Financial Officer	1,841	1,810	1,029	2,622

NOTE 2.5 OTHER OPERATING INCOME AND EXPENSES

DKK 1,000	2024	2023
Maintenance	-284,135	-261,200
Operating expenses	-444,337	-433,964
Health	-198,728	-206,507
Freight	-548,324	-507,973
Energy	-434,069	-427,611
Other costs	-162,610	-37,984
Other operating expenses total	**-2,072,203**	**-1,875,239**
R&D Expenditure tax credit	64,533	37,942
Income related to former years	14,886	0
Other income	**79,419**	**37,942**

NOTE 2.6 RESEARCH AND DEVELOPMENT EXPENSES

R&D expenditure occurs throughout the value chain. R&D is built in the Bakkafrost business model DNA.

Bakkafrost is continually developing its entire value chain. This is not seen as R&D expenditures but rather as R&D-related activities, thus being an integrated part of other operating expenses and salaries.

The focus of Bakkafrost's R&D efforts has been evaluated and improved in recent years. Lice abatement, biomass control, and smolt quality remain high priorities, and the development and improvement of vaccines, nutrition and feeding, as well as operating technologies, are equally topical. In addition, Bakkafrost continuously assesses its own operating practices.

Bakkafrost continues to expand its R&D activities in feed and feeding and sees the need for greater focus on the valuable knowledge of how fish are fed and how we can maintain a healthy salmon. We are convinced that our adaption of the mix of raw materials has resulted in better nutritional quality in the feed. Bakkafrost's clearly expressed goal is to continuously initiate better and more comprehensive research into these issues under large-scale conditions.

Bakkafrost continuously focuses on reducing biological risk and has made several new investments and procedures to diminish this risk. Bakkafrost focuses on using non-medical methods in treatments against sea lice and has invested in new technology to follow this strategy.

Bakkafrost has a large-smolt strategy and aims to increase the smolt size to around 500 grams smolts in 2024 in the Faroe Islands. The strategy is also pivotal to the turnaround of the operation in Scotland. The benefits are shorter production time at sea and reduced biological risk. The hatchery at Strond, Klaksvík, is an essential part of this plan for the Faroe Islands. This fully operational hatchery can produce 8 million smolts at 500g. In addition, Bakkafrost is expanding the Faroese hatchery capacity of the hatcheries at Glyvradal and Viðareiði. Furthermore, Bakkafrost announced a new hatchery to be built in Skálavík, which will be operational in late 2026. In Scotland, three large hatcheries will be built, the first being the hatchery at Applecross. All Bakkafrost's hatcheries will be based on state-of-the-art technology and advanced RAS (water recirculation) systems. These investments are crucial for achieving the volume growth strategy.

In 2024, Bakkafrost had R&D-related activities on the following projects (but not limited to):

- Native Faroese and Hebridean broodstock programme
- Optimising nutritional quality
- Fish welfare related to lice and other risks
- Freshwater treatment optimisation
- Robust smolt strategy

R&D-related activities are large-scale developments and experiments that reflect the nature of Bakkafrost's business. Examples of large-scale activities are (but not limited to):

- Large batch smolt related to development and optimisation of freshwater treatment
- Batches on broodstock programmes and development
- Large-scale developments on fish welfare in sea farming operation

NOTE 2.7 NET FINANCIAL ITEMS

DKK 1,000	2024	2023
Realised profit on financial derivatives	0	2,199
Other financial income	18,602	18,612
Financial income	**18,602**	**20,811**
Interest expenses on long-term loans	-180,258	-160,158
Loss on financial derivatives	0	-2,891
Interest expenses on credit lines	-481	-502
Interest expenses on IFRS 16 (leases)	-8,067	-10,118
Interest expenses on accounts payable	-10,727	-11,011
Financial expenses	**-199,533**	**-184,680**
Other exchange differences	34,905	2,784
Net currency effects	**34,905**	**2,784**
Other financial expenses	-8,142	-10,525
Other financial items	**-8,142**	**-10,525**
Net financial items	**-154,168**	**-171,610**

ACCOUNTING POLICIES FINANCIAL INCOME

Interest income is recognized on an accrual basis. Dividend income is recognised, when the shareholders' right to receive a dividend has been approved by the Annual General Meeting.

BORROWING COSTS

Borrowings is recognized initially at fair value, net of transaction costs incurred. Borrowings is subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings. Borrowings is classified as a current liability, unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

NOTE 2.8 TAX

The tax expense for the year breaks down as follows:

DKK 1,000	2024	2023
Tax payable	186,364	210,367
Change in deferred tax	19,855	-16,964
Tax on treasury shares	620	-268
Tax expense on ordinary profit	**206,839**	**193,135**
Tax payable	189,364	210,367
Tax payable in the statement of financial position	**186,364**	**210,367**

Specifications of temporary differences and deferred tax

DKK 1,000	2024		2023	
Deferred tax assets	**Temporary Differences**	**Deferred tax**	**Temporary Differences**	**Deferred tax**
Receivables	1,244	224	1,245	224
Currency effects	2,215	399	114,781	20,661
Derivatives (Equity posted)	3,412	614	2,398	432
Losses carried forward	2,365,636	589,093	1,973,465	491,168
Total temporary differences		**590,330**		**512,485**

DKK 1,000	2024		2023	
Deferred tax liabilities				
Licences	3,692,769	896,380	3,690,715	896,427
Goodwill	9,268	2,039	11,592	2,039
Research and development	305	67	541	119
Property, plant and equipment	3,046,186	633,539	2,753,957	560,282
Financial assets	266,913	48,044	220,117	39,621
Biomass	2,823,949	457,913	2,277,229	453,928
Other differences	-7,950	-1,431	1,260	252
Total temporary differences		**2,036,551**		**1,952,668**
Deferred tax assets		-590,330		-512,485
Deferred tax liabilities		2,036,551		1,952,668
Deferred tax liabilities (+) / assets (-)		**1,446,221**		**1,440,183**
Reconciliation from nominal to actual tax rate				
Profit before tax		851,634		1,148,351
Expected tax at nominal tax rate		153,294		206,703
Permanent differences		53,545		-13,568
Calculated tax expense		**206,839**		**193,135**
Effective tax rate excl. equity entries		24.29%		16.82%

ACCOUNTING POLICIES

The tax expense is matched against the profit or loss before tax, as it appears in the accounts. Tax ascribable to equity transactions is taken to equity. The tax expense comprises tax payable (tax on the year's direct taxable income) and changes in net deferred taxes. Deferred tax liabilities and deferred tax assets are presented net in the statement of financial position to the extent that tax assets and liabilities can be netted against each other.

Deferred tax in the statement of financial position is a nominal amount calculated based on temporary differences between accounting and tax values at their intended use, as well as the taxable loss carried forward at the end of the financial year.

Normal tax rate for countries in the Group:

- Faroe Islands 18%
- UK/Scotland 25%)
- USA 21% + New Jersey 11.5%
- Denmark 22%
- France 25%

SIGNIFICANT ASSUMPTION ACCOUNTING FOR DEFERRED TAX LIABILITIES

The accounting of deferred taxes reflects tax rates and tax laws that have been enacted or substantively enacted by the date of the statement of financial position. The recognition of a deferred tax asset is based on expectations of profitability in the future. In addition, there are many transactions and calculations during the ordinary course of business for which the ultimate tax determination is uncertain.

Deferred taxes are calculated using the nominal tax rate according to IAS 12.

SIGNIFICANT ASSUMPTION ACCOUNTING FOR DEFERRED TAX ASSETS

Deferred tax assets, including tax loss carry forwards, are assessed once a year. Losses are recognized if it is likely that they will be utilized in the foreseeable future.

PILLAR II

In May 2023 IASB issued amendments to IAS 12 (a narrow scope amendment) which states that the reporting entity subject to the scope of Pillar II are to provide disclosures on the expected impact of Pillar II. In addition, IASB provided a temporary exception from the requirement to recognize and disclose deferred taxes arising from enacted or substantively enacted tax law that implements Pillar II model rules.

In short, the amendment to IAS 12 requires the reporting entities to disclose on the following:

- Application of the exception to recognize and disclose about deferred tax assets and liabilities related to Pillar II income taxes, cf. IAS 12 88A,
- Current tax expense (income) related to the Pillar II income taxes, cf. IAS 12 88B, and
- If Pillar II is enacted but not yet in force, disclosure in respect of known and reasonable estimable information that would help users of the financial statements to understand the reporting entity's exposure to Pillar II income taxes must be provided, cf. IAS 12 88C and 88D.

With regards to FY24 Pillar II is in force, hence IAS 12 requires disclosures in respect of

- The application of the exemption to recognize deferred taxes
- The current tax expense related to Pillar II income taxes.

As the IIR is in place in Denmark, any potential top-up taxes that would arise in a country that has not enacted a QDMTT, would be collected in Denmark through the IIR rule.

The Pillar II disclosure included in the Bakkafrost Annual report shows the following:

OECD Pillar Two rules

The Group is within scope of the OECD Pillar Two rules due operations in countries that have enacted the Pillar Two rules starting January 1, 2024.

The Pillar Two rules apply for 2024 to profits in Denmark, France, United Kingdom, USA.

Profits earned in Faroe Islands are not subject to Pillar Two rules for 2024 as the rules have not been enacted in Faroe Islands.

Under the Pillar Two rules, the Group will be obliged to pay a top-up tax for jurisdictions where the effective tax rate calculated under the Pillar Two rules is below 15 %.

During 2024-2026 a set of "Transitional Safe Harbor" rules apply, under which if one of three tests can fulfill, the Pillar Two top-up tax for the year will be deemed to be nil.

Management has prepared an analysis of whether the Transitional Safe Harbor tests can be fulfilled for 2024 and the conclusion from the analysis is that Safe Harbor tests can be fulfilled for all jurisdictions that the Group operates in. Hence no top-up tax is expected to be paid for FY 2024.

The Group applies the mandatory IAS 12 exemption, requiring it to avoid recognizing or disclosing deferred tax assets or liabilities related to Pillar Two taxes.

NOTES – SECTION 3

Assets and Liabilities

This section gives more details on the assets that form the basis for the activities of Bakkafrost and the related liabilities.

NOTE 3.1 INTANGIBLE ASSETS

DKK 1,000	Goodwill	Licences	Brands	Total
Acquisitions costs as at 01.01.24	581,555	3,819,883	108,400	4,509,838
Currency translation differences	8,710	0	0	8,710
Acquisitions costs as at 31.12.24	**590,265**	**3,819,883**	**108,400**	**4,518,548**
Depreciations and impairments 01.01.24	-504	0	0	-504
Depreciation during the year	-281	0	0	-281
Accumulated impairments/depreciation and write-downs as at 31.12.24	**-785**	**0**	**0**	**-785**
Net book value as at 31.12.24	**589,480**	**3,819,883**	**108,400**	**4,517,763**
Acquisitions costs as at 01.01.23	580,421	3,819,883	108,400	4,508,704
Currency translation differences	1,134	0	0	1,134
Acquisitions costs as at 31.12.23	**581,555**	**3,819,883**	**108,400**	**4,509,838**
Depreciation during the year	-504	0	0	-504
Accumulated impairments/depreciation and write-downs as at 31.12.23	**-504**	**0**	**0**	**-504**
Net book value as at 31.12.23	**581,051**	**3,819,883**	**108,400**	**4,509,334**

In the Faroe Islands, Bakkafrost operates its sea farming activity in 14 identifiable CGUs based on single or groups of sea farming licenses, seven out of which are issued by the government without consideration, and hence are not capitalized. These belong to the North region.

The other seven CGUs were acquired as part of business combinations. Respectively, when acquiring the Vestlax Group, Havsbrún Group and Faroe Farming, hence three groups of CGUs. These belong to the West region. These are considered as significant in comparison to the total carrying amount of goodwill and intangible assets with indefinite useful lives.

In Scotland, Bakkafrost has chosen to include all the farming in Scotland into one CGU.

IMPAIRMENT TESTING

The Group tests intangible assets annually for impairment or more frequently if there are indications that the assets are impaired. The annual impairment test is performed at year-end. The Group has substantial assets with indefinite lives in the form of licenses. The licenses are subject to impairment testing in combination with goodwill in the annual test. The Group identifies each farming zone, which may contain one or several licences or farming sites, as one cash-generating unit.

THE PROCEDURE OF IMPAIRMENT TESTING

Impairment testing is carried out by calculating the net present value of estimated future cash flows (value in use) for the cash-generating unit in line with IAS 36 and comparing the net present value of the cash flow towards the carrying amount of net assets held by the cash-generating unit (CGU). The cash flow used in the calculations represents the management's best estimate at the time of reporting. If the carrying amount is higher than the calculated value in use, the assets are considered impaired. The estimated cash flow assumes continued operation. The basis for the estimated cash flow is the strategic plan for the following years. The strategic plans have been reviewed and the targets approved by the Group management.

The considered operating conditions are costs of feed, smolt, harvest, packaging, transport, and other costs. Other operating conditions considered the same are mortality, production time, fallowing and harvest weight. CAPEX is also assumed to be the same for all CGUs over the calculated period. All CGUs are calculated with the same WACC. If there will be variances between the assumptions for the different CGUs in the future, this will be incorporated into the impairment test.

INDICATIONS OF IMPAIRMENT

The impairment testing at year-end did not result in identification of impairment losses. Intangible assets were tested for impairment to evaluate if the cash flow from a conservative estimate was sufficient to support the carrying amount of net assets. The test confirmed the asset values.

THE KEY ASSUMPTIONS

The key assumptions in the calculations of value in use are harvest volume, prices, and costs, hence EBIDTA and WACC. Amongst other assumptions are inflation, CAPEX, and terminal growth.

In general, the value in use has been determined based on future strategic plans considering the expected development in both macroeconomic and company-related conditions.

The assumptions used, rest on uncertainty regarding product prices, input prices, biological performance, and future regulatory frameworks. Costs can normally be estimated with more accuracy than income. As profitability in the salmon farming industry historically has been very volatile, depending on developments in the prices of salmon. Bakkafrost uses budgets and long-term plans for the first five years of the analysis but returns to long- term historic averages for profitability in the sixth year and terminal period.

The key assumptions used in determining the value in use are:
-Harvested volume is based on the current stocking plans for each unit, and forecasted figures for growth, assumed harvest weight and mortality, based on historical figures.

The costs are based on the Groups own assumptions, based on historical costs and expectations. The costs are expected to remain stable but are calculated to increase with an inflation rate of FO: 3.0% (2023: 3.0%) and SCT: 2.0% (2023: 2.0%)

Bakkafrost estimated sales prices are based on price expectations obtained from industry analysis. These estimates are derived from market insights, industry trends, and external analysis to ensure a reliable basis for financial reporting

The WACC is FO: 10.2% (2023: 9.2%) and SCT 9.8% (2023: 9.8%) pre-tax and calculated in accordance with IAS 36. The WACC model is used for estimating the discount rate. The input data for the model is updated each year for the annual impairment test. The choice of input data for the model significantly influences the outcome of the model, and to ensure that there is as little uncertainty as possible with regards to the calculation of the WACC, third-party sources are used where available (interest, inflation, beta). The discount rate is based on a five-year average for ten-year bonds issued by the Danish government, with an adjustment margin for the food industry in the EU.

The inflation is set to FO: 3.0% (2023: 3.0%) and SCT: 2.0% (2023: 2.0%) for the budget period. This is done based on third parties' sources. The terminal growth is set to 0%.

Capital expenditure (CAPEX). In the 5-year forecast period, the capital expenditure necessary to meet the expected growth in revenue and profit is taken into consideration. Capital expenditures are aligned with the growth and replacement plans. Capital expenditure to comply with current laws and regulations has been included. Capex related to committed and approved efficiency improvement programs has also been included to support the inclusion of the benefits in the applied margin. Changes in applicable laws and regulations may affect future estimated capital expenditure needs; this is not reflected in the figures used in the impairment test. Beyond the forecast period, capital expenditure will in general equal depreciation and relate to maintenance investments.

SENSITIVITY

In connection with the impairment testing of intangible assets, a sensitivity analysis has been carried out. Sensitivity analysis has been performed for each of the defined cash generating units. With the assumptions used, the headroom is DKK 10,855 million (DKK 14,774 million).

ACCOUNTING POLICIES

Intangible assets that are purchased individually are capitalized at acquisition cost. Intangible assets acquired in connection with the purchase of a business entity are capitalized at acquisition cost when the criteria for separate recognition are met.

Intangible assets with a limited economic lifespan are depreciated systematically. Intangible assets are written down to the recoverable amount if the expected financial benefits do not cover their carrying amount.

Costs relating to research and development are charged as expenses as they accrue. R&D costs are capitalized in the statement of financial position, when it can be demonstrated that the relevant R&D projects carry economic benefits, that they can be technically finalized, and that the company intends to and is financially able to reap the economic benefits.

Sea farming licenses, which are purchased either as part of an acquisition or business combination according to IFRS 3, are capitalized at cost less accumulated write-downs according to a PPA analysis. Sea farming licences in the Faroe Islands and Scotland are considered perpetual, given that certain preconditions regarding environmental protection and animal welfare are met. Consequently, sea farming licences are not depreciated systematically, but are subject to an annual impairment test. If the carrying amount exceeds the recoverable amount, licences are considered impaired, and write-downs are entered and charged to the Income Statement.

The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be appropriate. If not, the change in useful life from indefinite to finite is made on a prospective basis.

LICENSES WITH INDEFINITE USEFUL LIVES

The sea farming licenses in the Faroe Islands are defined as the right to utilize a given area of fjords for farming fish. There are no provisions as to the maximum allowed biomass at the given site, but the legislation has imposed strict measures to regulate the farming activity to be environmentally sustainable.

The sea farming licenses in the Faroes are issued with a nominal lifespan of 12 years. Licenses are renewed, unless there is a specific reason against renewal, based on failure to fulfil the veterinary conditions set by the authorities. Regarding the renewal of licenses, authorities may only decline renewal if specific legislation on area planning, animal welfare or environmental protection conflicts with renewal of the licenses. Special emphasis is to be placed on the fact that it is renewals of existing licenses. This means that sea farming licenses are operated in a 12-year rolling lifespan system, where the licenses are renewed every 12th year. In the very rare cases, where the authorities have declined to renew licenses to use locations for other purposes, the farmers have obtained licenses from the authorities at other locations.

The sea farming licenses in Scotland are perpetual if certain environmental, operational, and biological conditions specified in the licenses continue to be met.

The Group has therefore decided to account for sea farming licenses, which are capitalized, following the provisions for intangible rights with indefinite useful lives.

GOODWILL

When the company assumes control over a separate business entity for a consideration that exceeds the fair value of the individual assets, the difference is entered as goodwill in the statement of financial position.

Goodwill deriving from purchases of subsidiaries and associates is presented under intangible assets. Goodwill is not depreciated but is tested for impairment annually or more often if there are indications that its value is lower than the carrying amount. When assessing the need to write-down goodwill, this is assigned to relevant cash flow generating units or groups, which are expected to benefit from the acquisition.

Write-downs are performed in accordance with an assessment of the recoverable value of each of the cash-flow generating units to which the goodwill is assigned. To identify the Group's cash-flow generating units, the assets are grouped according to the lowest level to which separate and independent cash flows may be ascribed. Recoverable value is calculated based on value in use. This is arrived at by estimating future cash flows. If the calculated value in use is less than the carrying amount of the cash-flow generating unit, goodwill is written down first, and then other assets as required.

31/12/2024 CGUs (1,000)	Licenses	Other assets****	Booked value tested	WACC pretax	EBITDA change of +/-1%	WACC change of -1%	WACC change of +1%
Scottish Salmon Company acquistion****	4,006,820	2,598,607	6,605,427	9.80%	482,855	2,015,975	-1,435,136
Vestlax acquisition*	132,708	1,551,047	1,683,755	10.20%	142,304	923,242	-619,036
Havsbrún acquisition**	157,430	757,553	914,983	10.20%	252,863	1,640,531	-1,099,979
Faroe Farming acquisition***	82,000	900,616	982,616	10.20%	120,411	781,205	-523,800
TOTAL	**4,378,958**	**5,807,823**	**10,186,781**		**998,433**	**5,360,953**	**-3,677,951**

31/12/2023 CGUs (1,000)							
Scottish Salmon Company acquistion****	4,006,820	1,956,140	5,962,960	9.80%	483,596	2,306,173	-1,633,774
Vestlax acquisition*	132,708	1,649,475	1,782,183	9.20%	98,343	674,658	-452,683
Havsbrún acquisition**	157,430	398,567	555,997	9.20%	325,625	2,233,868	-1,498,883
Faroe Farming acquisition***	82,000	1,146,032	1,228,032	9.20%	187,945	1,289,346	-865,127
TOTAL	**4,378,958**	**5,150,214**	**9,529,172**		**1,095,509**	**6,504,045**	**-4,450,467**

* 4 CGUs in license numbers A-03, A-05, A-06, A-25, A-57, A-80 and A-81. Acquired in 2010.
** 2 CGUs in license numbers A-71 and A-82. Acquired in 2011.
*** 1 CGU in license numbers A-15 and A-92. Acquired in 2016.
**** Other assets consist of goodwill, PP&E, inventory, receivables, etc. which can be allocated to CGUs or are directly attributable to CGUs.

NOTE 3.2 PROPERTY, PLANT AND EQUIPMENT

DKK 1,000	Land and buildings	Machinery, operating equipment, etc.	Other operating equipment	Vessels	Assets under construction	Total
Acquisition costs as at 01.01.24	2,483,994	3,785,620	567,333	1,269,415	1,200,595	9,306,957
Reclassification	135,833	93,882	17,329	27,367	-293,383	-18,972
Acquisitions during the year	48,735	311,711	35,980	46,923	569,950	1,013,299
Disposals and scrapping during the year	-1,939	-42,917	-3,017	-3,038	0	-50,911
Currency translation differences	19,378	46,951	1,480	11,497	14,827	94,133
Acquisition costs as at 31.12.24	**2,686,001**	**4,195,247**	**619,105**	**1,352,164**	**1,491,989**	**10,344,506**
Accumulated depreciations and write-downs as at 01.01.24	-628,302	-1,819,455	-351,432	-287,287	0	-3,086,476
Reclassification	-88,755	15,389	92,527	92	0	19,253
Depreciations during the year	-105,895	-348,149	-42,839	-77,072	0	-573,955
Accumulated deprecations and write-downs on disposals and scrapping	923	31,944	5,191	2,979	0	41,037
Currency translation differences	-1,481	-6,065	-977	-2,536	0	-11,059
Accumulated depreciations and write-downs as at 31.12.24	**-823,510**	**-2,126,336**	**-297,530**	**-363,824**	**0**	**-3,611,200**
Net book value as at 31.12.24	**1,862,491**	**2,068,911**	**321,575**	**988,340**	**1,491,989**	**6,733,306**
Acquisition costs as at 01.01.23	2,111,945	3,373,098	548,106	1,175,064	1,114,870	8,323,083
Reclassification	134,269	204,685	4,033	49,126	-390,988	1,125
Acquisitions during the year	237,008	291,809	20,143	42,948	468,993	1,060,901
Disposals and scrapping during the year	-419	-99,983	-5,291	-1,925	-1,555	-109,173
Currency translation differences	1,191	16,011	342	4,202	9,275	31,021
Acquisition costs as at 31.12.23	**2,483,994**	**3,785,620**	**567,333**	**1,269,415**	**1,200,595**	**9,306,957**
Accumulated depreciations and write-downs as at 01.01.23	-551,327	-1,582,617	-320,324	-221,654	0	-2,675,922
Reclassification	0	1	-2,720	0	0	-2,719
Depreciations during the year	-78,772	-322,060	-33,846	-67,596	0	-502,274
Accumulated deprecations and write-downs on disposals and scrapping	419	87,812	4,376	1,541	0	94,148
Currency translation differences	1,378	-2,591	1,082	422	0	291
Accumulated depreciations and write-downs as at 31.12.23	**-628,302**	**-1,819,455**	**-351,432**	**-287,287**	**0**	**-3,086,476**
Net book value as at 31.12.23	**1,855,692**	**1,966,165**	**215,901**	**982,128**	**1,200,595**	**6,220,481**

	Estimated lifetime	Depreciation method	Scrap value
Land and buildings	10-25 years	linear	10%
Plant, machinery, operating equipment, fixtures etc.	3-20 years	linear	0%-10%
Other operating equipment	3-8 years	linear	0
Ships	15-25 years	linear	10-13%

ACCOUNTING POLICIES

Property, plant, and equipment is capitalized at acquisition cost, less accumulated depreciation and write downs. When assets are sold, or divested, the book value is deducted, and any loss or gain entered to the Income Statement. Ordinary depreciation commences from the date on which the asset goes into normal operation and is calculated based on its economic lifespan. Depreciation is assigned in a straight line over the expected economic lifespan of the assets, taking into consideration the estimated residual value.

If an asset comprises significant components with varying lifespan, these components are depreciated separately. The scrap value of the property, plant, and equipment as well as the depreciation period and depreciation method employed are reassessed annually.

Facilities under construction are not depreciated. Depreciation is charged to expenses when the facilities are ready for use. If the situation or circumstances indicate that the carrying amount of an asset cannot be recovered, an assessment is made about whether to write-down its value. If the recoverable value of the assets is less than the carrying amount and the impairment is not expected to be temporary, the assets are written down to the recoverable value. The recoverable value is the greater of net sales price or value in use. Value in use is the present value of the future cash flows, which the asset will generate.

NOTE 3.3 LEASING

Right of use	Land and buildings & properties	Ships, and other equipment	TOTAL
Beginning balance 01.01.24	118,042	295,235	413,277
Additions	274	9,808	6,192
Adjustments	9,627	6,294	15,921
Depreciation	-9,265	-120,806	-130,070
Effect of changes in currency exchange rate	1,382	10,255	11,637
Ending balance 31.12.24	**120,060**	**200,787**	**320,847**
Lease liability			
Beginning balance 01.01.24	-145,580	-251,383	-396,963
Additions	-274	-9,808	-10,082
Effect of changes in currency exchange rate	0	19,915	19,915
Adjustments	-9,745	-6,294	-16,039
Lease payments	13,805	109,249	123,054
Interests	-2,418	-5,020	-7,438
Effect of changes in currency exchange	85	2,381	2,466
Effect of changes in currency exchange rate primo	7,430	-21,096	-13,666
Ending balance 31.12.24	**-136,698**	**-162,055**	**-298,753**
Current lease liability	-10,034	-54,822	-64,856
Non-current lease liability	-126,664	-107,233	-233,897
Maturity analysis, undiscounted cash flow			
Up to 1 year			64,856
1-2 years			56,244
2-3 years			41,612
3-4 years			12,913
4-5 years			11,397
More than 5 years			111,731
			298,753

Right of use	Land and buildings & properties	Ships, and other equipment	TOTAL
Beginning balance 01.01.23	120,280	318,265	438,545
Additions	4,700	90,069	94,769
Adjustments	1,197	5,095	6,292
Depreciation	-8,906	-125,525	-134,431
Effect of changes in currency exchange rate	770	7,332	8,102
Ending balance 31.12.23	**118,042**	**295,235**	**413,277**
Lease liability			
Beginning balance 01.01.23	-145,021	-314,549	-459,570
Additions	-3,209	-92,627	-95,836
Adjustments	-252	-4,053	-4,305
Lease payments	13,551	117,993	131,544
Interests	-2,450	-7,243	-9,693
Effect of changes in currency exchange rate	-8,199	49,096	40,897
Ending balance 31.12.23	**-145,580**	**-251,383**	**-396,963**
Current lease liability	-9,464	-56,384	-65,848
Non-current lease liability	-136,116	-194,999	-331,115
Maturity analysis, undiscounted cash flow			
Up to 1 year			118,989
1-2 years			112,557
2-3 years			51,654
3-4 years			38,215
4-5 years			10,547
More than 5 years			100,985
			432,948

Bakkafrost has applied the rules for short-term leases and leases with low value leasing assets and has expensed these in the Income Statement. The amount is not material to the Group.

ACCOUNTING POLICIES

Bakkafrost recognizes a right-of-use asset and a lease liability at the commencement date of all leases granting control over an identified asset for a period. The commencement date is when the lessor makes the asset available to the lessee.

Right-of-use assets are recognized at cost, comprising the discounted lease payments (the lease obligation), upfront payments, less any lease incentives, plus direct costs related to the agreement and obligations to demolish or restore the asset.

Subsequent measurement follows the same practice as similar owned assets. Leased assets are classified as tangible fixed assets, even if legally a right-of-use asset.

The lease obligation equals the present value of lease payments, discounted using the company's marginal borrowing rate, as the internal rate is not reliably determinable.

Lease payments include fixed payments, guaranteed residual values, purchase options, or cancellation payments when reasonably certain to occur. Variable payments linked to an index are included, while consumption-based payments are excluded from the asset and liability.

Lease payments are divided into instalment and interest portions. The lease obligation is recalculated at a constant interest rate, matching the discount rate. At initial recognition, the leased asset's value equals the lease obligation, unless upfront payments or recovery obligations apply.

The Group applies IFRS 16 exceptions for short-term leases (under 12 months) and low-value assets (under DKK 35,000)

NOTE 3.4 COMPANIES IN THE GROUP

The consolidated accounts include the following subsidiaries and associates:

Subsidiary Companies	Currency	Nature of Business	Head Office	Ownership	Nominal share capital
Bakkafrost Farming P/F	DKK	Salmon farming	Glyvrar	100%	19,762,181
Bakkafrost FSV P/F	DKK	Vessels for farming and other related activities	Glyvrar	100%	500,000
Bakkafrost Freshwater P/F	DKK	Smolt farming	Glyvrar	100%	500,000
Bakkafrost Processing P/F	DKK	Value adding of salmon (VAP)	Glyvrar	100%	150,000,000
Bakkafrost Sales P/F	DKK	Sales of salmon and VAP products	Glyvrar	100%	667,000
Havsbrún P/F	DKK	Production and sales of fishmeal, fish oil and fish feed	Fuglafjørður	100%	2,000,000
Bakkafrost UK Ltd.	GBP	Sales of salmon	Grimsby	100%	2 GBP
Bakkafrost USA LLC	USD	Sales of salmon	Clifton, New Jersey	100%	2,000,000 USD
Förka P/F	DKK	Production of biogas and fertilizer	Glyvrar	100%	5,000,000
Bakkafrost Scotland Limited	GBP	Salmon Farming	Edinburgh	100%	350,000,000 GBP
Scottish Salmon 2020 (Jersey) Limited	GBP	In liquidation	Edinburgh	N/A	N/A
Bakkafrost Freshwater Svínoy Sp/f	DKK	Broodstock facility	Glyvrar	100%	8,102,222
Faroe Seafood 2011 P/F	DKK	Trading fish	Glyvrar	100%	2,000,000
Bakkafrost France SARL	EUR	Trading fish	Boulogne, France	100%	160,000 EUR
Munkebo Seafood A/S	DKK	Production and sales of canned fish	Munkebo	90%	1,800,000
FarCargo P/F	DKK	Freight transportation of goods	Glyvrar	70%	6,666,667

Associated Companies DKK 1,000	Head Office	Ownership	Net Additions	Share of the result	Carrying value 2024	Carrying value 2023
Pelagos P/F	Fuglafjørður	30%	0	15,104	109,673	94,569
Salmon Proteins P/F *	Eiði	79%	0	0	5,176	5,176
FF Skagen A/S	Skagen	25%	1,227	29,437	218,637	187,973
Total					**333,486**	**287,718**

	Total assets 2024	Total assets 2023	Equity 2024	Equity 2023	Result 2024	Result 2023
Pelagos P/F **	442,951	499,642	316,989	325,967	30,722	79,500
Salmon Proteins P/F */**	14,810	9,489	7,240	6,577	663	393
FF Skagen A/S**	1,862,863	1,410,514	756,540	566,490	215,113	128,494

*Voting rights 30%. The voting rights are limited in the Articles of Association of P/F Salmon Proteins.

**Information from 2023

NOTE 3.5 SHARES AND HOLDINGS IN OTHER COMPANIES

DKK 1,000	2024	2023
Other companies	983	983
Total	**983**	**983**

ACCOUNTING POLICIES

Investments in other companies are classified as available for sale. Shares and holdings in which the Group does not have significant influence are valued at cost as fair value cannot be measured reliably.

NOTE 3.6 INVENTORY

DKK 1,000	2024	2023
Raw materials and goods in-progress	476,044	911,369
Finished goods	194,892	237,419
Total inventory	**670,936**	**1,148,788**

Raw materials primarily consist of raw material to produce fishmeal, fish oil and fish feed and packaging materials used in processing. Goods in-progress include semi-finished products and spare parts. Finished products include all products ready for sale, such as fish feed, fresh and frozen whole salmon, as well as processed salmon products. Inventories are measured at full cost price.

ACCOUNTING POLICIES

Inventories consist of inventories in the Farming FO segment, Farming SCT segment, Freshwater FO segment, Freshwater SCT segment, Sales & Other segment and the FOF segment.

Farming FO, Farming SCT and Freshwater FO, Freshwater SCT

Inventories include mainly packaging materials and finish goods. Inventories of goods are stated at the lower of cost and net realisable value.

The cost of processed goods is a full production cost that includes direct material and personnel costs, and a percentage of indirect processing costs. Interest costs are not included in the value of inventory.

The cost of purchased goods is the acquisition price. Cost is based on the FIFO principle.
Net realizable value is estimated sales price less selling expenses.

Services, and Sales & Other

Inventories consist of raw material, additives, packaging material and finished goods. Raw material in the VAP unit consists basically of processed salmonids. Raw material is measured at fair value at the time of harvesting.

Packaging material and additives are valued at the lesser of cost or expected sales price less sales costs. The FIFO principle is used concerning the periodic assignment of inventory costs.

Finished goods in inventory, fresh or frozen, are measured at the lesser of cost or the expected sales price less sales costs. In a case, where the cost price exceeds the sales price less sales cost, impairment is entered and charged to the Income Statement.

The cost price of goods produced in-house is the full production cost, including production costs, which can be only indirectly allocated to produce goods, less general administration costs.

FOF

Raw materials and purchased commodities are valued at the lower of historical cost and net realizable value in accordance with the FIFO principle.

Finished goods are fishmeal, oil and feed ready for delivery to customer, valued at the lower of cost and net realizable value. The cost of finished goods includes any processing costs that have incurred. Processing costs consist of logistics, handling and storage costs.

The cost price of goods produced in-house is the full production cost, including production costs, which can be only indirectly allocated to produce goods, less general administration costs.

NOTE 3.7 BIOLOGICAL ASSETS

DKK 1,000	2024	2023
Biological assets carrying amount 01.01.	3,335,570	2,938,485
Increase due to production or purchases	4,794,473	4,198,900
Reduction due to harvesting or sale (costs of goods sold)	-4,481,597	-3,288,597
Reduction due to mortality (costs of incidents-based mortality)	-95,218	-328,168
Fair value adjustment at the beginning of the period reversed	-741,433	-883,099
Fair value adjustments at the end of the period	372,525	741,433
Reversal of elimination at the beginning of the period	434,167	368,918
Eliminations	-498,799	-434,167
Currency translation differences	18,969	21,865
Biological assets carrying amount 31.12.	**3,138,657**	**3,335,570**
Cost price biological assets	3,245,962	3,006,439
Fair value adjustments at the end of the period	372,525	741,433
Eliminations	-498,799	-434,167
Currency translation differences	18,969	21,865
Biological assets carrying	**3,138,657**	**3,335,570**
Volume of biomass at sea (tonnes)		
< 1 kg	4,505	4,201
1 < 2 kg	7,336	7,926
2 < 3 kg	9,035	10,480
3 < 4 kg	7,190	9,377
4 kg <	35,580	28,705
Volume of biomass at sea	**63,646**	**60,689**
Number of fish (thousand)		
< 1 kg	8,573	7,765
1 < 2 kg	4,648	5,472
2 < 3 kg	3,800	4,251
3 < 4 kg	2,071	2,731
4 kg <	6,736	5,638
Total number of fish at sea	**25,828**	**25,857**

	2024	2023
Harvested volumes (TGW)	**90,656**	**73,006**
Number of smolts released (thousand)		
Q1	3,677	4,988
Q2	5,478	7,107
Q3	8,334	2,076
Q4	7,111	8,993
Total number of smolts released	**24,600**	**23,164**
Sensitivity analysis of biomass DKK 1,000		
Change in discount rate +1%	-164,354	-182,631
Change in discount rate -1%	164,354	200,368
Change in sales price +5 DKK	426,073	406,582
Change in sales price -5 DKK	-426,073	-406,582
Change in biomass volume +1%	8,442	11,196
Change in biomass volume -1%	-8,442	-11,196
One year forward prices in EUR FCA Oslo*		
At year end	8.10	7.90
Q1 (forward)	9.53	9.54
Q2 (forward)	9.39	10.08
Q3 (forward)	6.39	7.47
Q4 (forward)	7.06	7.69

* Forward prices have been calculated based on price expectations obtained from industry analysts.

VALUATION OF BIOLOGICAL ASSETS

IAS 41 requires biomass to be accounted for at the estimated fair value net of sales costs and harvesting costs. The calculation of the estimated fair value is based on market prices for harvested fish. In the accounts, the change in estimated fair value is entered to the Income Statement on a continuous basis.

The Group's biological assets are salmon at all stages of the life cycle. The fish is divided into two main groups, depending on the stage of the life cycle. The first group is fish produced on land in fresh water. The second is, when the fish are released to sea.

For the first group, historical cost is deemed a reasonable approach to fair value, as there is little biological transformation. This assessment must be seen in the light of the fact that smolts are currently released to sea at a stage when their weight is still relatively low.

For the second group, the fair value is calculated by applying a present value model at level 3 in the fair value hierarchy in IFRS 13. In accordance with the principle in IFRS 13 for highest and best use, the Group considers optimal harvest weight to be for Farming FO 5.2 kg gutted weight (6.3 kg live weight) and for Farming SCT 5.0 kg gutted weight (6.1 kg live weight).

The valuation model

The valuation model calculates the net present value of expected cash flow from biological assets.

Changes to estimated fair value of biological assets are presented on the line Fair value adjustments of biological assets in the Income Statement.

The measurement unit is the individual fish. However, for practical reasons, cash flows and estimates are carried out per locality.

Main components in the model are:

- Volume
- Production costs
- Sales price
- Discount rate
- Volume

Estimated harvest volume is based on the actual number of fish in the sea on the balance sheet date, minus estimated future mortality from balance sheet date and multiplied by optimal harvest weight per fish.

Future monthly mortality is estimated to be for Farming FO 0.9% (2023: 0.9%) and for Farming SCT 2.0% (2023: 2.0%) of the number of incoming fish per month.

Cost

Estimated future costs are based on the Group´s prognoses per locality. Cost comprises mainly feed, production, harvest, and transport costs.

Price

Due to Fishpool no longer providing forward prices, Bakkafrost's estimated sales prices are based on price expectations obtained from industry analysis. These estimates are derived from market insights, industry trends, and external analysis to ensure a reliable basis for financial reporting.

Discounts

The estimated future cash flow is discounted monthly. The monthly discount rate on 31 December 2024 is 6.0% (2023: 6.0%) per month for Farming FO and 4.0% (2023: 4.0%) per month for Farming SCT. The discount rate considers a risk adjustment and time value. The risk adjustment considers the volatility in volume, cost, and price.

Mortality

Mortality above normal will be accounted for when a farming site either experiences elevated mortality over time or mortality due to an incident.

Costs related to abnormal mortality will be recognized in the Income Statement and presented on the line for changes in inventory, while normal mortality is classified as part of production costs.

Bakkafrost uses a common indicator and threshold for all farming sites to assess normal and abnormal mortality. Indication of abnormal mortality is when a farming site in a month registers mortality exceeding 1.5% (2023: 1.5%) for Farming FO and 4.0% (2023: 4.0%) for Farming SCT of the incoming number of fish. A more detailed assessment is then carried out to evaluate, whether mortality is abnormal. These assessments consider the cause of mortality and the size of the fish.

SIGNIFICANT ASSUMPTIONS SENSITIVITY

The estimate of fair value of biomass will always be based on uncertain assumptions, even though the company has built substantial expertise in assessing these factors.

The Group considers three components to be key parameters for valuation. These are: average price, monthly discount rate and estimated biomass volume. In the table above a simulated sensitivity analysis to changes in fair value of the biological assets is portrayed in the event of changes in these parameters

NOTE 3.8. ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

DKK 1,000	2024	2023
Accounts receivables	674,903	850,450
Provisions for bad debts	-84	-112
Net accounts receivables	**674,819**	**850,338**
VAT	111,296	238,598
Other	101,206	0
Tax receivables	0	0
Other receivables	**212,502**	**238,598**
Total short-term accounts receivables and other receivables	**887,321**	**1,088,936**

AGE DISTRIBUTION OF ACCOUNTS RECEIVABLES

DKK 1,000		
Receivables not overdue	465,255	686,106
Overdue 0–6 months	205,200	161,407
Overdue more than 6 months	4,364	2,825
Total	**674,819**	**850,338**

CURRENCY DISTRIBUTION OF ACCOUNTS RECEIVABLES

DKK 1,000		
DKK	122,690	131,972
EUR	241,907	406,849
USD	191,782	234,836
GBP	99,067	57,967
JPY	2,651	331
NOK	16,722	18,384
Others	0	0
Total	**674,819**	**850,338**

The Group's exposure to credit risks related to accounts receivable is disclosed in Note 4.1.

The Group holds accounts receivable in foreign currencies amounting to DKK 552 million at year-end 2023 (2023: DKK 718 million).

Below is presented the book value of receivables specified in currency, translated into DKK employing the currency value at 31.12.

ACCOUNTING POLICIES

Accounts receivable and other receivables are presented at face value less provisions for bad debts. Provisions for bad debts are made based on an individual assessment of the receivables concerned. Due to insignificant cost and the short credit period, amortized cost is equivalent to face value less foreseeable losses.

NOTE 3.9 CASH ANDCASH EQUIVALENTS

Cash and cash equivalents consist of short-term bank deposits and were DKK 481 million at year-end 2024, compared to DKK 412 million at year-end 2023.

NOTE 3.10 SHARE CAPITAL AND MAJOR SHAREHOLDERS

Share capital:		
DKK 1,000	**2024**	**2023**
Share capital at 1 January	59,228	59,143
Increase in the year	77	85
Share capital at 31 December	**59,305**	**59,228**

The parent company's share capital comprises:		
DKK	**No. of Shares**	**No. of Shares**
Ordinary shares	59,227,607	59,143,000
Increase in the year	77,012	84,607
Total share capital	**59,304,619**	**59,227,607**

Reconciliation of outstanding shares:	**2024**	**2023**
Outstanding shares at 1 January	59,211,562	59,098,481
Sale of own shares to cover the employee bonus program	14,823	28,474
Issuing new shares	77,012	84,607
Outstanding shares at 31 December	**59,303,397**	**59,211,562**
Treasury shares at 31 December	1,222	16,045

SHAREHOLDERS

These shareholders held directly or indirectly more than 5% of the shares in the company as at 31 December 2024: Folketrygdfondet, Regin Jacobsen, and Oddvør M. Jacobsen. Shares owned directly and indirectly by the members of the Board of Directors and Group Management:

Name	**Position**	**No. of shares**	**Shareholding**
Rúni M. Hansen	Chairman of the Board	10,761	0.02%
Guðrið Højgaard	Member of the Board	0	0.00%
Teitur Samuelsen	Member of the Board	100	0.00%
Annika Frederiksberg	Member of the Board	17,168	0.03%
Øystein Sandvik	Member of the Board	0	0.00%
Einar Wathne	Member of the Board	0	0.00%
Alf Helge Aarskog	Member of the Board	300	0.00%
Regin Jacobsen	Chief Executive Officer	4,642,272	7.84%
Odd Eliasen	Managing Director	188,131	0.31%
Høgni D. Jakobsen	Chief Financial Officer	78,516	0.13%

Dividend

The Board has proposed a dividend per share of DKK 8.44 for 2024. DKK 515 million were paid out for 2023. The dividends proposed are to be approved at the Annual General Meeting and if approved, the total dividend payment will amount to DKK 501 million. The dividend proposal has not been recognized as a liability on 31 December 2024 but is presented as an item within equity.

NOTE 3.11 NET INTEREST-BEARING DEBT

LONG-TERM INTEREST-BEARING DEBT DKK 1,000	2024	2023
Long-term interest-bearing debt	3,480,527	3,944,498
Total long-term interest-bearing debt 31.12.	**3,480,527**	**3,944,498**
Total interest-bearing debt	3,480,527	3,944,498
Cash and cash equivalents	-480,506	-411,674
Net interest-bearing debt	**3,000,021**	**3,532,824**

The maturity structure of the Group's financial commitments is based on undiscounted contractual payments. As the credit limit is not necessarily in the same currency of debt drawn, currency fluctuations affect the amount available under the facilities at any time.

The maturity plan of the Group's interest-bearing debt is as follows

The maturity plan of the Group's interest-bearing debt is as follows

	2024		2023	
DKK 1,000	**Carrying amount**	**Contractual payments**	**Carrying amount**	**Contractual payments**
Long-term interest-bearing debt	-3,480,527	-3,504,734	-3,944,498	-3,968,705
Gross interest-bearing debt	**-3,480,527**	**-3,504,734**	**-3,944,498**	**-3,968,705**
Credit line	5,380,144		5,380,144	
Long-term interest-bearing debt	-3,480,527		-3,944,498	
Cash and cash equivalents	-480,506		411,674	
Total available credit lines	**1,419,111**		**1,847,320**	

The difference between the carrying amount and the total expected payments in the table above is due to upfront arrangement and legal fees incurred in connection with the refinancing of the credit facilities. One long-term bank borrowing is drawn from a revolving credit facility, under which the Group may draw and pay down any amount. The contractual payments illustrated in the table above do not reflect rollover dates of loans drawn but are based on the maturity date of the credit facilities.

INTEREST-BEARING DEBT IN MORE DETAIL

Financing of the Bakkafrost Group is mainly executed by the parent company. Subsidiaries can only enter external financing if it is seen favourable for the whole Bakkafrost Group.

Sustainability-linked financing

In March 2022 the Group signed a five-year EUR 700 million multicurrency sustainability-linked revolving credit facility with Coöperatieve Rabobank U.A, DNB Bank ASA and Nordea Bank ABPm (Filial i Norge). The Facility includes flexibility for the parties to agree an additional amount of up to EUR 150 million during the tenor. In January 2024 the Group made use of the second and final extension option and extended the Facility with 12 months until February 2029.

The purpose of the Facility was to refinance Bakkafrost's existing bank facilities as well as general corporate purposes including acquisitions. The Facility will serve as a robust and flexible financial framework for the Group's investment plans aimed at organic growth for the Group and structural cost reductions in Scotland, as described at the Capital Markets Day 2023.

As The Facility is sustainability-linked means that the margin payable will be linked to Bakkafrost's performance against certain sustainability KPIs, consistent with the Group's overall ESG targets and ambitions. The principal financial covenants of the Facility are: (1) an equity ratio of no less than 35% and (2) an interest coverage ratio (EBITDA to net interest payable) of no less than 2x. The Bakkafrost Group complied with these covenants at the end of 2024.

At the end of 2024, the Group had unused committed credit facilities of DKK 2,386 million (DKK 1,851 million). In addition, the Group has an accordion of EUR 150 million.

REMAINING PERIOD

31.12.2024	1–3 months	3–12 months	1–5 years	> 5 years	Total
Interest-bearing bank loans	0	0	0	3,480,527	3,480,527
Accounts payable and other debt	508,941	189,249	0	0	698,190

31.12.2023	1–3 months	3–12 months	1–5 years	> 5 years	Total
Interest-bearing bank loans	0	0	0	3,944,498	3,944,498
Accounts payable and other debt	470,811	210,367	0	0	681,178

Maturity analysis - contractual payments

DKK 1,000	2025	2026	2027	2028	2029
Long-term credit facilities	0	0	0	0	3,480,527
Bonds (NOK 500 million)	0	0	0	0	0
Interest rate/currency swap	0	0	0	0	0
Current liabilities	0	0	0	0	0
Gross interest-bearing debt	**0**	**0**	**0**	**0**	**3,480,527**

Reconciliation of development in interest-bearing debt

	2023	Cash flows	2024
Long term interest-bearing debt	3,944,498	-463,971	3,480,527
Short term interest-bearing debt			
Total interest-bearing debt	**3,944,498**	**-463,971**	**3,480,527**

Reconciliation of development in interest-bearing debt

	2022	Cash flows	2023
Long term interest-bearing debt	3,383,289	561,209	3,944,498
Total interest-bearing debt	**3,383,289**	**561,209**	**3,944,498**

NOTE 3.12 MORTGAGES AND GUARANTEES

Carrying amount of debt secured by mortgages and pledges

The Bakkafrost Group has a group financing. The Group companies are liable jointly and severely for the balance without limitations for each other.

As part of the guarantees are also any insurance refunds. In addition, the shares in larger subsidiaries have been pledged to the bank syndicate

DKK 1,000	2024	2023
Long-term debt to financial institutions	3,480,527	3,944,498
Total	**3,480,527**	**3,944,498**

Carrying amount of assets pledged as security for recognized debt		
Licences	3,819,883	3,819,883
Property, plant, and equipment	1,826,950	1,580,604
Biological assets (biomass)	3,138,657	3,335,570
Inventory	67,606	138,171
Total	**8,853,096**	**8,874,228**

NOTE 3.13 DERIVATIVES

DKK 1,000	2024	2023
Currency derivatives	3,447	-374
Derivatives total	**3,447**	**-374**

The fair value of derivatives held at the balance sheet date can be allocated as follows:

	Fair Value 2024	Recognized in the Income Statement 2024	Recognized in equity 2024	Fair Value 2023	Recognized in the Income Statement 2023	Recognized in equity 2023
Currency derivatives	3,447	0	3,447	-374	0	-374
Total	**3,447**	**0**	**3,447**	**-374**	**0**	**-374**

The expected timing of the effect on the income statement is as follows:

	Currency derivatives	Interest and currency derivatives	Total 2024	Currency derivatives	Interest and currency derivatives	Total 2023
Within one year	3,447	0	3,447	-374	0	-374
Between one and five years	0	0	0	0	0	0
After five years	0	0	0	0	0	0
Total	**3,447**	**0**	**3,447**	**-374**	**0**	**-374**

FINANCIAL INSTRUMENTS

In accordance with IFRS 9, financial instruments falling within its remit are classified into the following categories: fair value with changes in value entered to the Income Statement, hold until maturity, loans and receivables, available for sale, and other liabilities.

Financial instruments at fair value with changes in value entered to the Income Statement

Financial instruments, which are held primarily for buying or selling in the short term, are classified as being held for trading purposes. These instruments are included in the category of financial instruments recognized at fair value with changes in value entered to the Income Statement alongside forward currency contracts, which are recognized at fair value with changes in value, entered to the Income Statement.

Hedge accounting

Interest rate swaps and forward currency settlement contracts are used as hedges of its exposure to foreign currency risk, interest expenses and instalment payments in foreign currencies. The hedges are cash flow hedges.

The effective portion of the gain or loss on the hedging instrument is recognized directly in other comprehensive income in the cash flow hedge reserve.

Amounts recognized as other comprehensive income are transferred to the Income Statement, when the hedged transaction affects profit or loss, and when financial liabilities are settled, such as when the hedged financial income or financial expense is recognized.

If the forecast transactions or commitments are no longer expected to occur, the cumulative gain or loss, previously recognized in equity, is transferred to the Income Statement. If the hedging instrument expires or is sold, terminated, or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss, previously recognized in other comprehensive income, remain in other comprehensive income until firm commitment affects profit or loss, or settlement payments are made.

NOTE 3.14 PROVISIONS

A provision is recognized when, and only when, the company has a valid liability (legal or self-imposed) deriving from an event which has occurred, and when it is probable (more likely than not) that a financial settlement will take place because of that liability, and when the amount in question can be reliably quantified. Provisions are reviewed on each closing date, and the level reflects the best estimate for the liability. The Group has no provisions as per 31 December 2024, compared to no provisions as per 31 December 2023.

PROVISIONS FOR ONEROUS CONTRACTS

ACCOUNTING POLICIES

The Group enters sales contracts for value added salmon products (VAP) on an on-going basis. The contracts involve physical settlement, and deliveries associated with the contracts form part of the Group's normal business activities. The contracts contain no built-in derivative elements.

With respect to fixed-price contracts, which result in the Group being obligated to sell salmon products at a price less than production cost (including fair value adjustment of raw materials at the point of harvesting), the contracts are considered onerous, and provisions are calculated and entered to the statement of financial position. The provision is charged to the Income Statement.

SIGNIFICANT ASSUMPTION

The company holds long-term sale contracts related to salmon products. These contracts do not contain any elements of embedded derivatives and are therefore not treated as financial instruments. The contracts are settled, based exclusively on the assumption that delivery of salmon products should take place. The contracts are not tradable, nor do they contain a clause for settlement in cash or cash equivalents.

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, biomass, measured at fair value.

NOTES - SECTION 4

Capital Structure and Financing Items

This section gives an insight into the capital structure and financing items.

NOTE 4.1 FINANCIAL RISK MANAGEMENT

CAPITAL MANAGEMENT

The Group's objective, when managing capital, is to maintain a capital structure able to support the operations and maximize shareholder value. The farming business is characterized by price volatility and challenging production dynamics. The Group must be financially solid to be able to cope with fluctuations in profits and financial position, and the consolidated equity ratio shall at no time be lower than 35%. On 31 December 2024, the Group's equity ratio was 63% (61%).

The Group manages the capital structure and adjusts corresponding to changes in the underlying economic conditions. In December Bakkafrost entered a term sheet for a sustainability-linked EUR 700 million multicurrency revolving credit facility with a tenor of five years. The facility agreement was signed in March 2022. In January 2024, the Group made use of the second and final extension option and extended the Facility for 12 months until February 2029.

According to the Group's dividend policy, under normal circumstances, average dividends over several years should be 30 to 50% of the adjusted net profit. The Board has proposed a dividend of DKK 8.44 per share for the financial year 2024, corresponding to a distribution to shareholders of DKK 505 million (DKK 515 million).

On 31 December 2024, net interest-bearing debt amounted to DKK 3,533 million (DKK 3,533 million). Note 3.11 provides an overview of the debt's maturity profile and information on the debt's financial covenants. Bakkafrost complied with the covenants loan agreements at the end of 2024.

FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks from its use of financial instruments: market risk, liquidity risk and credit risk. This note presents information about the Group's exposure to each of these risks, the Group's objectives, policies, and procedures for measuring and managing risks.

Further quantitative disclosures are included throughout these consolidated financial statements.

The main objective of Bakkafrost's financial risk management policies is to ensure the ongoing liquidity of the Group, defined as being always in a position to meet the liabilities of the Group as they fall due. This also includes being able to meet financial covenants on Group debt under normal circumstances.

Concerning insurance coverage, the Group insures against material risks, where the insurance is economically viable. The balance between the amount covered by insurance and what is left to own risk varies, depending on the nature of the risk, the value of the assets and prospective liabilities and the cost, actual coverage, and the availability of insurance.

The Board of Directors believes that the most important measure against any risk is to have a strong financial position. On 31 December 2024, the Group's equity ratio was 63% (61%).
Risk management policies and procedures are reviewed regularly to reflect changes in market conditions and the Group's activities.

FINANCIAL RISK

Financial risk can be defined as the risk that the Group will not be able to meet its financial obligations.

In addition to bank loans, the Group has financial instruments such as accounts receivable, cash, shares, accounts payable, etc., which are ascribable directly to day-to-day business operations.

The Group uses financial derivatives, mainly currency forward contracts. The purpose of these instruments is to manage the currency risks arising from the Group's operations.

The Group does not employ financial instruments, including financial derivatives, for the purpose of arbitrage

The most important financial risks to which the company is exposed are interest rate risk, foreign exchange risk, liquidity risk and credit risk. The management monitors these risks on an on-going basis and draws up guidelines for how these should be managed.

MARKET RISK

Market risk can be defined as the risk that the Group's income and expenses, future cash flows or fair value of financial instruments will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rates risk and other price risk (such as commodity prices and salmon spot prices).

Market risk is monitored and actively managed by the Group. Exposure to these risks is reduced by diversification, suitable controls, and business tactics. In some cases, market risks are transferred to third parties via contractual price adjustment clauses, but rarely by means of financial derivatives.

Foreign exchange risk

Because of the international nature of its operations, the Group is exposed to fluctuations of foreign currency rates. For risk management purposes, three types of currency exposure have been identified: Translational exposure, Transactional exposure, and Economic currency exposure.

Translational exposure

Bakkafrost has subsidiaries abroad in Scotland, England, USA, France, and Denmark. Thus, Bakkafrost faces currency risks arising from the translation of subsidiaries whose functional currency differs from the presentation currency of the Group. The exposure related to the equity of foreign subsidiaries is generally not hedged.

Transactional exposure

Most of the operating companies in the Group are exposed to changes in the value received or paid under foreign currency denominated committed transactions. For the sales & other segment, exposure arises mainly from export sales, while for the FOF segment, exposure results from the sourcing of raw materials in the international commodities markets.

The Group normally has a net positive cash flow exposure from USD and EUR and net negative cash flow exposure from DKK, GBP, and NOK. The predominant exposure comes from the USD. The Group has therefore a policy of a 12-month layered hedging program for USD/DKK.

The table below summarizes the foreign currency exposure to the net monetary position of all Group entities against their functional currency. The exposure of translating the financial statements of subsidiaries into the presentation currency is not included in the analysis.

Exposure to currency risk

DKK 1,000

2024	EUR/DKK	GBP/DKK	USD/DKK	NOK/DKK	JPY/DKK
Cash and cash equivalents	141,965	6,729	141,346	18,265	30,427
Accounts receivables	241,907	99,067	191,782	16,722	2,651
Trade payables	-14,726	-22,321	-13,350	-15,306	0
Interest-bearing debt	-708,700	0	0	0	0
Forward contracts	0	0	-83,757	0	0
Net exposure	**-339,554**	**83,475**	**236,021**	**19,681**	**33,078**

2023	EUR/DKK	GBP/DKK	USD/DKK	NOK/DKK	JPY/DKK
Cash and cash equivalents	76,273	0	142,583	0	20,884
Accounts receivables	406,849	57,967	234,836	18,384	331
Trade payables	-31,568	-21,444	-4,016	-12,431	0
Interest-bearing debt	-866,355	-727,554	0	-29,578	0
Forward contracts	0	0	-58,238	0	0
Net exposure	**-414,801**	**-691,031**	**315,165**	**-23,625**	**21,215**

Sensitivity analysis

DKK 1,000

2024	EUR/DKK	GBP/DKK	USD/DKK	NOK/DKK	JPY/DKK	Result
Net exposure	-339,554	83,475	236,021	19,681	33,078	
Historical volatility for the last 5 years	0,27%	6,46%	7,56%	10,65%	9,08%	
Total effect on Profit of +/- movements	**-917**	**5,392**	**17,843**	**2,096**	**3,003**	**27,418**
Total effect on Profit of -movements	**917**	**-5,392**	**-17,843**	**-2,096**	**-3,003**	**-27,418**

2023	EUR/DKK	GBP/DKK	USD/DKK	NOK/DKK	JPY/DKK	Result
Net exposure	-414,801	-691,031	315,165	-23,625	21,215	
Historical volatility for the last 5 years	0,27%	7,05%	7,41%	10,48%	8,59%	
Total effect on Profit of +/- movements	**-1,120**	**-48,718**	**23,354**	**-2,476**	**1,822**	**-27,137**
Total effect on Profit of -movements	**1,120**	**48,718**	**-23,354**	**2,476**	**-1,822**	**27,137**

The analysis is based on the currencies that the Group is most exposed to at the end of 2024. The reasonable shifts in exchange rates in the table above are based on 5 years of historical volatility.

If the relevant cross foreign exchange rates moved by the amounts showed in the table above, the effect on the Group's net income would be DKK -27 million (2023: DKK -27 million).

Currency forward contracts at 31 December 2024

Bakkafrost Group buys		Bakkafrost Group sells	
DKK 1,000			
DKK	83,757	USD	12,243

Currency forward contracts at 31 December 2023

Bakkafrost Group buys		Bakkafrost Group sells	
DKK 1,000			
DKK	58,238	USD	8,618

Significant exchange rates (average) during the year	EUR/DKK	GBP/DKK	USD/DKK	NOK/DKK	JPY/DKK
2024	745.89	881.21	689.06	64.17	4.56
2023	745.29	857.59	674.47	66.30	4.77

Interest rate risk

The Group is exposed to increase in interest rates as a result of having debt with floating interest rate terms. An increased cost of borrowing might adversely affect the Group's profitability. The Group does not have fixed interest rate debt.

According to the Group's finance policy, the main objective of interest rate risk management activities should be to minimize the risk of breach of the Group's debt covenants and to avoid situations of financial distress that might jeopardize strategic flexibility. Trading in interest rate derivatives is undertaken to cover existing exposures. Purely speculative transactions are not allowed.

The Group has no fixed rate liabilities and is therefore not exposed to the risk that changes in interest rates might drive changes in market value of outstanding debt.

A 100 basis points increase in interest rate at the reporting date would have a negative impact on the income statement amounting to DKK 30 million (2023: DKK 35 million), based on NIBD.

Price risk

The farming segments are sensitive to fluctuations in the spot prices of salmon, which are determined by global supply and demand. The impact of changes in salmon spot prices is partly mitigated by long-term contracts at fixed prices in the VAP segment and financial contracts, however, due to long production cycles, it is difficult to respond quickly to global trends in market prices. Salmon is to a large extent traded based on spot prices, although this would vary with different markets and with the market position of the Group.

Other price risk

The Group's FOF segment is active in the international commodity markets. A large portion of raw materials needed in production is contracted in advance of periodic sales price regulations, this way the risk associated with increases in commodity prices is effectively transferred to feed customers, mainly inside the Group. Constraints in the availability of certain raw materials might result in increased sourcing costs in those cases, where an unexpected surge in sales volume makes it necessary to purchase raw materials outside of previously negotiated purchase agreements. Under these circumstances, it might not be possible to charge the customers with the increased cost, and profitability would thus be impacted.

Liquidity risk

Liquidity risk arises from the Group's potential inability to meet its financial obligations towards suppliers and debt capital providers. The Group's liquidity situation is closely monitored and rolling forecasts of cash flows and cash holdings are prepared regularly.

Liquidity risk is managed through maintaining flexibility in funding by securing available committed credit lines, provided by our bank, and through maintaining sufficient liquid assets with the same relationship bank.

The Group seeks to maintain committed facilities to cover forecast borrowings for the next 24 months, plus financial headroom to cover the planned investments and unforeseen movements in cash requirements. Please also refer to Note 3.11 for information on committed credit facilities, available credit lines, and maturity of interest-bearing debt.

In addition to the above-described sources of liquidity, Bakkafrost monitors funding options available in the capital markets as well as trends in the availability and cost of such funding with a view to maintain financial flexibility and limiting refinancing risk. Bakkafrost's overall liquidity as at 31 December 2024 included DKK 481 million (2023: DKK 412 million) (see Note 3.11) of cash and cash equivalents held in various currencies.

Credit risk

Credit risk represents the accounting loss that would have to be recognized if other parties failed to perform as contracted and is related to financial instruments such as cash and cash equivalents, receivables, and derivative financial instruments.

Bakkafrost has a Group-wide credit management policy, governed by Bakkafrost's credit committee. The committee is responsible for granting credits to the Groups customers. In general, Bakkafrost uses credit insurance, bank guarantees, parent company guarantees, or other securities such as pledges on biological assets, thus reducing the actual risk on outstanding receivables significantly. Historically, losses due to bad debts have been low in Bakkafrost. Recoverable Tax and VAT, includ-

ed in the balance, also reduces the risk. In addition to such risk mitigating measures, the Group focuses on detailed credit management in operating companies, supported by regular follow up by central functions.

The concentration of credit risk is at the outset not considered significant, since the Group's customers represent various industries and geographic areas. Counterparty risk against financial institutions is not considered significant, due to limited liquid assets and low traded volumes in derivatives. For these transactions, the Group relies upon Nordic relationship banks, other relationship banks or widely recognized commodity exchanges.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date consists of accounts receivables, other receivables, tax receivables and cash and cash equivalents and amounts to DKK 1,367 million as at 31 December 2024 (2023: DKK 1,412 million). For the age distribution of accounts receivable, please refer to Note 3.8.

Bakkafrost has implemented a Group-wide cash management policy with the overall objective of minimizing cash holdings, while ensuring sufficient liquidity to meet business needs, avoid shortage of cash and limit the need for borrowing. The cash management is carried out from the Group's head office

Credit Risk	2024	2023
Accounts receivables	648,723	850,338
Other receivables	238,598	94,027
Tax receivables	0	56,112
Cash and Cash equivalents	480,506	411,674
Total	**1,367,827**	**1,412,151**

NOTE 4.2 CATEGORIES AND FAIR VALUE OF FINANCIAL INSTRUMENTS

FAIR VALUE OF FINANCIAL INSTRUMENTS

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, refer to Note 3.7.

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 December 31st 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)	3,138,657	2,766,132			3.138.657
Assets measured at fair value 31-12-24	**3.138.657**	**2,766,132**	**0**	**0**	**3,138,657**
Liabilities measured at fair value 31-12-24	**0**	**0**	**0**	**0**	**0**
Biological assets (biomass)	3,335,570	2,594,137	0	0	3.335.570
Assets measured at fair value 31-12-23	**3.335.570**	**2,594,137**	**0**	**0**	**3,335,570**
Liabilities measured at fair value 31-12-23	**0**	**0**	**0**	**0**	**0**

NOTE 4.3 EARNINGS PER SHARE

DKK 1,000	2024	2023
Profit for the year to the shareholders of P/F Bakkafrost	644,795	955,216
Fair value adjustment of biomass (IAS 41)	368,909	141,665
Tax on fair value adjustment	-13,546	-64,216
Adjusted profit for the year to shareholders of P/F Bakkafrost	**1,000,158**	**1,032,665**
Ordinary shares as at 01.01.	59,304,619	59,227,607
Ordinary shares as at 31.12.	**59,304,619**	**59,227,607**
Time-weighted average number of shares outstanding through the year	**59,270,686**	**59,174,265**
Earnings per share		
Basic (DKK)	10.88	16.14
Diluted (DKK)	10.88	16.14
Adjusted earnings per share (before fair value adjustments of biomass and provision for onerous contracts (adjusted EPS)		
Basic (DKK)	16.87	17.45
Diluted (DKK)	16.87	17.45

Earnings per share (EPS)

Basic earnings per share

Basic EPS is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the company and held as treasury shares.

Diluted earnings per share

Diluted earnings per share are adjusted for the dilution effect of issued share options. Bakkafrost has no share options outstanding.

Adjusted earnings per share

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

NOTES - SECTION 5

OTHER DISCLOSURES

This section gives more details on the statutory notes that have secondary importance from the perspective of Bakkafrost.

NOTE 5.1 CAPITAL COMMITMENTS

2024	2025	2026	2027	Total
Total contractual new Hatchery stations in the Faroe Islands	242,324	201,186	53,168	496,678
Total contractual new marine sites and development of an existing freshwater site in Scotland	167,179	0	0	167,179
Total contractual other PPE investments	258,000	0	0	258,000
Total	**667,503**	**201,186**	**53,168**	**921,857**

2023	2024	2025	2026	Total
Total contractual new Hatchery stations in the Faroe Islands	246,156	202,486	101,976	550,618
Total contractual new marine sites and development of an existing freshwater site in Scotland	189,966	0	0	189,966
Total contractual other PPE investments	180,123	16,490	34,003	230,616
Total	**616,245**	**218,976**	**135,979**	**971,200**

NOTE 5.2 RELATED-PARTY TRANSACTIONS

Related parties are in this respect considered as persons or legal entities, which directly or indirectly possess significant influence on the Bakkafrost Group through shareholding or position and vice versa. Related party transactions are at arm's length terms.

DKK 1,000	2024	2023
Based on key personnel		
Revenues - Betri Trygging P/F	6,665	6,765
Purchase - Betri Trygging P/F	71,918	27,712
Accounts receivables - Betri Trygging P/F	0	6,665
Accounts payable - Betri Trygging P/F	14,382	6,148
Revenues - Tjaldur P/F	0	153
Purchase - Tjaldur P/F	318,976	190,445
Accounts receivables - Tjaldur P/F	0	74
Accounts payable - Tjaldur P/F	14,595	16,436
Purchase - Eystur- og Sandoyartunlar P/F	1,604	1,306
Accounts payable - Eystur- og Sandoyartunlar P/F	61	58
Purchase - Posta P/F	608	1,316
Accounts receivables - Posta P/F	0	2
Accounts payable - Posta P/F	19	44
Revenues - P/F J.F. Kjølbro Heilsøla	758	484
Purchase - P/F J.F. Kjølbro Heilsøla	2,620	3,150
Accounts receivables - P/F J.F. Kjølbro Heilsøla	315	271
Accounts payable - P/F J.F. Kjølbro Heilsøla	215	1,336
Purchase - Sp/F Oyggjaleikir	250	n/a
Based on association		
Revenues - FF Skagen A/S	0	89,363
Purchase - FF Skagen A/S	0	2,228
Accounts payable - FF Skagen A/S	367	1,690
Revenues - Pelagos P/F	0	102
Purchase - Pelagos P/F	86,007	121,217
Accounts receivables - Pelagos P/F	5	63,180
Accounts payable - Pelagos P/F	9,332	2,505
Revenues - Salmon Proteins P/F	17,591	15,386
Purchase - Salmon Proteins P/F	0	221
Accounts receivables - Salmon Proteins P/F	2,936	4,417
Accounts payable - Salmon Proteins P/F	0	0

NOTE 5.3 AUDITOR'S FEES

Fees paid to auditors (ex. VAT) break down as follows:

DKK 1,000	2024	2023
Statutory auditing	1,506	1,358
Other assurance engagements	217	203
Tax advisory services	14	138
Other services	109	141
Total auditor's fees to AGM elected auditors	**1,846**	**1,840**
Other auditors in subsidiaries in Scotland, France, Denmark and USA	2,355	1,517
Total auditor's fees	**4,201**	**3,357**

NOTE 5.4 BUSINESS COMBINATIONS

There have not been any new business combinations in 2024, nor in 2023.

NOTE 5.5 EVENTS AFTER THE DATE OF THE STATEMENT OF FINANCIAL POSITION

This is regarding new information regarding the company's financial position on the statement of financial position, which is received after the date of the statement of financial position, has been recognized in the annual accounts. Events after the date of the statement of financial position, which do not affect the company's financial position on the statement of financial position date, but which will affect the company's future financial position, are disclosed if material.

In December 2024, Bakkafrost entered into binding lease agreements with an effective date in December 2024. However, the commencement date of the leases is in January 2025, which is when Bakkafrost obtains control of the underlying assets.

As a result, the lease agreements have not been recognised in the balance sheet as of 31 December 2024, in accordance with IFRS 16.
Upon commencement, the lease agreements will increase both right-of-use assets and lease liabilities by approximately DKK 710 million, bringing the total lease liability to approximately DKK 1,008 million.

These agreements represent a material non-adjusting event under IAS 10, and no adjustments have been made to the financial statements for the year ended 31 December 2024.

NOTE 5.6 GOING CONCERN

With reference to the Group's profits, financial strength, and long-term forecasts for the years ahead, it is confirmed that the financial statements for 2024 are based on the assumption that Bakkafrost is a going concern. In the opinion of the Board, the Group's financial position is good.

NOTE 5.7 MISSSING INTERCOMPANY ELIMINATION IN REPORTED INTERIM REPORTS FOR 2024

During the preparation of the 2024 annual consolidated financial statements, the management discovered that intragroup sales of DKK 146 million were not eliminated against COGS in the interim statements for 2024; whereof DKK 115 million in Q2. This overstated both Revenue and COGS by the same amount but did not affect EBIT or net profit.

Under IFRS 10, intragroup transactions must be fully eliminated to reflect a single economic entity. Although 2% of revenue (DKK 146 million of DKK 7,480 million), it equals about 9% of EBIT (DKK 1,550 million), which the management deems material under IAS 1.

This is corrected in the annual figures. As permitted by IFRS 34, no restatement of earlier interim reports is required, but the Group will disclose the correction in future interim reports. Management has strengthened controls to prevent similar omissions.

NOTE 5.8 ALTERNATIVE PERFORMANCE MEASURES

The Groups 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

DKK 1,000	31 Dec 2024	31 Dec 2023
Cash and cash equivalents	480,506	411,674
Long- and short-term interest-bearing debt	-3,480,527	-3,944,498
Net interest-bearing debt	**-3,000,021**	**-3,532,824**

Net interest-bearing debt consists of both current and non-current interest-bearing liabilities, less related current and non-current hedging instruments, 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) and cash and cash equivalents. A reconciliation from these to net debt is provided below

EBITDA

Earnings before interest, tax, depreciations and amortizations (EBITDA) is a key financial parameter for Bakkafrost'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 Bakkafrost'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 Bakkafrost's FOF segments competitors. The EBITDA margin presented is defined as EBITDA before other income and other expenses divided by total revenues.

Operational EBIT

DKK 1,000	2024	2023
EBIT	**1,005,802**	**1,319,961**
Fair value adjustments of biological assets	368,909	141,665
Income from associates	-46,964	-70,652
Revenue tax	221,945	152,836
Operational EBIT	**1,549,692**	**1,543,810**

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.

Operational EBIT per kg:

Freshwater FO segment:	Freshwater SCT segment:	Farming FO segment:	Farming SCT segment:	Services segment:	Sales & Other segment:
$\frac{\text{Operational EBIT Freshwater FO segment}}{\text{Total released smolt FO (kg)}}$	$\frac{\text{Operational EBIT Freshwater SCT segment}}{\text{Total released smolt SCT (kg)}}$	$\frac{\text{Operational EBIT Farming FO segment}}{\text{Total harvested volumes FO (gw)}}$	$\frac{\text{Operational EBIT Farming SCT segment}}{\text{Total harvested volumes SCT (gw)}}$	$\frac{\text{Operational EBIT Service segment}}{\text{Total harvested volumes (gw)}}$	$\frac{\text{Operational EBIT Sales \& Other segment}}{\text{Total harvested volumes (gw)}}$

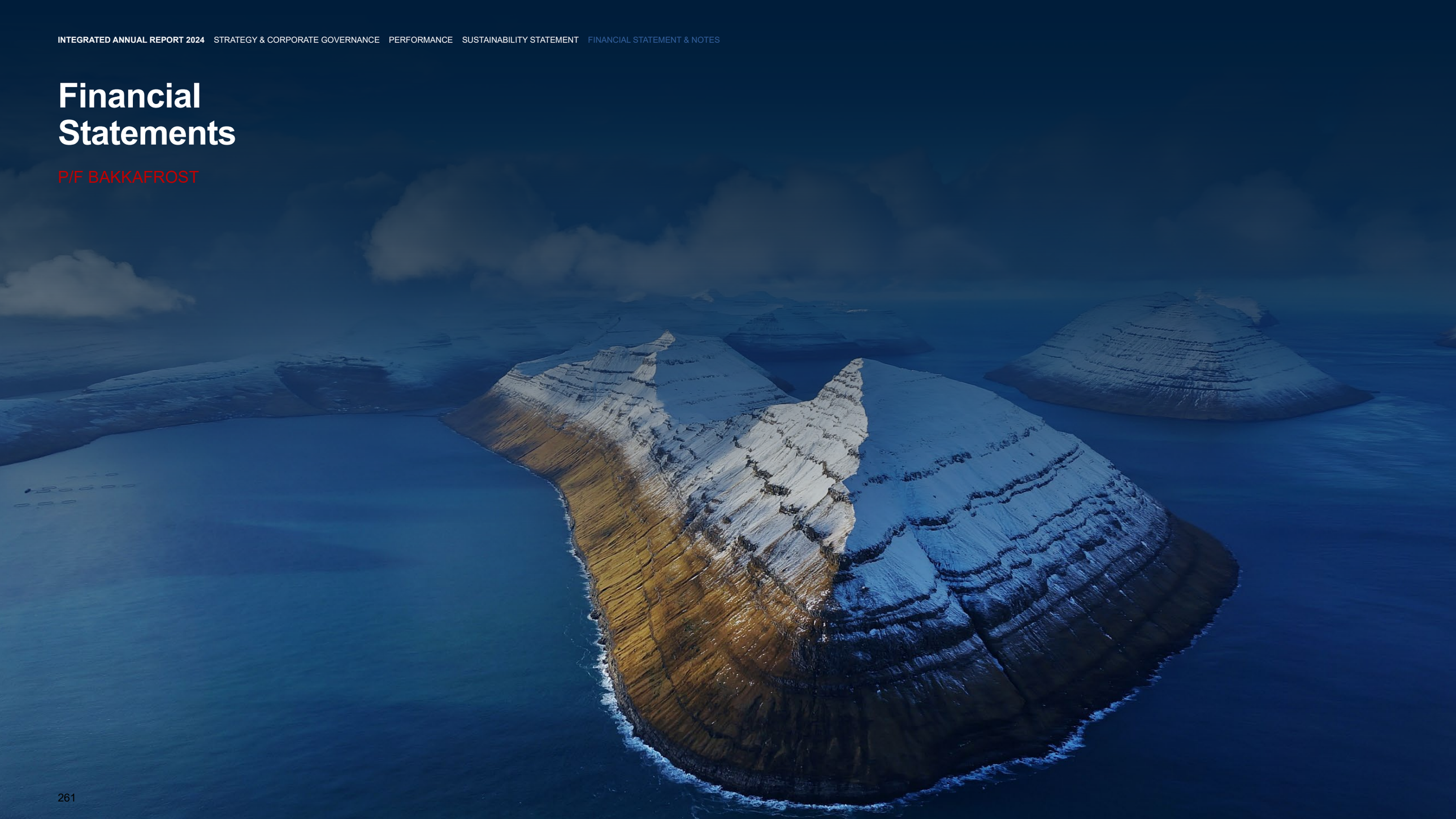
Adjusted EPS

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

DKK 1,000	YTD 2024	YTD 2023
Profit for the period to the shareholders of P/F Bakkafrost	644,795	955,216
Fair value adjustment of biomass	368,909	141,665
Tax on fair value adjustment and onerous contracts provisions	-13,546	-64,216
Adjusted profit for the period to shareholders of P/F Bakkafrost	**1,000,158**	**1,032,665**
Time-weighted average number of shares outstanding through the period	**59,270,686**	**59,174,265**
Adjusted earnings per share (before fair value adjustment of biomass and provisions for onerous contracts) (adjusted EPS)	**16.87**	**17.45**

Financial Statements

P/F BAKKAFROST



P/F BAKKAFROST

Content

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Income Statement

FOR THE YEAR ENDED 31 DECEMBER

DKK 1,000	Note	2024	2023
Operating revenue		250,834	213,165
Salary and personnel expenses	2	-75,922	-56,705
Other operating expenses		-158,345	-141,404
Depreciation	4	-30,018	-29,681
Earnings before interest and taxes (EBIT)		**-13,451**	**-14,625**
Dividends from subsidiaries		1,469,448	1,518,764
Income from other investments in shares		0	-33
Financial income	3	224,211	203,199
Net interest expenses	3	-181,472	-161,774
Net currency effects	3	65,454	-11,795
Other financial expenses	3	-5,859	-6,755
Earnings before taxes (EBT)		**1,558,331**	**1,526,981**
Taxes	8	-16,177	4,184
Profit to shareholders of P/F Bakkafrost		**1,542,154**	**1,531,165**
Distribution of profit			
Dividend proposed		500,531	515,284
Retained earnings		1,041,623	1,015,881
Distribution in total		**1,542,154**	**1,531,165**

Statement of Other Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER

	2024	2023
Profit for the year	**1,542,154**	**1,531,165**
Other comprehensive income:		
Fair value adjustment on financial derivatives	-3,697	-7,100
Income tax effect	564	1,278
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**-3,133**	**-5,822**
Total comprehensive income	**1,539,021**	**1,525,343**

P/F BAKKAFROST

Statement of Financial Position

AS AT 31 DECEMBER

DKK 1,000	Note	2024	2023
ASSETS			
Non-current assets			
Intangible assets		1,000	1,000
Total intangible assets		**1,000**	**1,000**
Property, plant and equipment			
Land, buildings and other real estate	4	192,395	202,497
Plant, machinery and other operating equipment	4	40,493	56,706
Total property plant and equipment		**232,888**	**259,203**
Non-current financial assets			
Investments in subsidiaries	5	8,583,979	6,052,499
Investments in stocks and shares	6	790	790
Deferred tax assets	8	0	10,026
Total non-current financial assets		**8,584,769**	**6,063,315**
TOTAL NON-CURRENT ASSETS		**8,818,657**	**6,323,518**
Inventory		43,670	43,771
Total inventory		**43,670**	**43,771**
Receivables from Group companies		9,604,721	9,879,273
Derivatives	3,13*	0	373
Accounts receivables		1,564	992,278
Other receivables		4,466	0
Total receivables		**9,610,751**	**10,871,924**
Cash and cash equivalents		351,312	251,454
TOTAL CURRENT ASSETS		**10,005,733**	**11,167,149**
TOTAL ASSETS		**18,824,390**	**17,490,667**

DKK 1,000	Note	2024	2023
EQUITY AND LIABILITIES			
Equity			
Share capital	7	59,304	59,228
Other equity		11,666,309	10,604,365
Total equity		**11,725,613**	**10,663,593**
Non-current liabilities			
Long-term interest-bearing debt	9	3,320,972	3,771,861
Deferred taxes	8	7,399	0
Total non-current liabilities		**3,328,371**	**3,771,861**
Current liabilities			
Derivatives	3.13*	3,447	0
Payables to Group companies		3,736,933	3,042,403
Current tax liabilities		0	4,494
Accounts payable		26,048	4,338
Other short-term liabilities		3,978	3,978
Total current liabilities		**3,770,406**	**3,055,213**
Total liabilities		**7,098,777**	**6,827,074**
TOTAL EQUITY AND LIABILITIES		**18,824,390**	**17,490,667**

P/F BAKKAFROST

Cash Flow Statement

FOR THE YEAR ENDED 31 DECEMBER

DKK 1,000	Note	2024	2023
Cash flow from operations			
EBIT		**-13.451**	**-14.625**
Adjustments for write-downs and depreciation	4	30.019	29.681
Adjustments for net currency effects	3	65.454	-11.795
Adjustments for share-based payment	2	6.424	5.125
Taxes paid	8	-4.253	19.605
Change in inventory		101	5.864
Change in receivables		986.621	-955.008
Change in current debts		18.621	-56.344
Cash flow from operations		**1.089.536**	**-977.497**
Cash flow from investments			
Increase of share capital in subsidiaries, etc., net	5	-2.531.480	-428.745
Payments made for purchase of fixed assets	4	-3.703	-6.366
Cash flow from investments		**-2.535.183**	**-435.111**
Cash flow from financing			
Changes in interest-bearing debt (short and long)		-454.022	412.147
Financial income	3	224.211	203.199
Financial expenses	3	-187.331	-168.529
Financing of associates/subsidiaries		969.082	-349.142
Acquisition/sale treasury shares		8.002	9.625
Dividend from subsidiaries		1.469.448	1.518.731
Emission - increase of share capital		31.381	40.531
Dividend paid		-515.266	-591.139
Cash flow from financing		**1.545.505**	**1.075.423**
Net change in cash and cash equivalents		**99.858**	**-337.185**
Cash and cash equivalents – opening balance		251.454	588.639
Cash and cash equivalents – closing balance total		**351.312**	**251.454**

P/F BAKKAFROST

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER

DKK 1,000	Share capital	Share premium account	Treasury shares	Share-based payment	Derivatives	Proposed dividends	Retained earnings	Total
1 January 2024	**59,228**	**3,838,206**	**-8,478**	**1,374**	**306**	**515,284**	**6,257,673**	**10,663,593**
Net annual profit	**0**	**0**	**0**	**0**	**0**	**0**	**1,542,154**	**1,542,154**
Fair value adjustment on financial derivatives	0	0	0	0	-3,697	0	0	-3,697
Income tax effect	0	0	0	0	564	0	0	564
Total other comprehensive income	**0**	**0**	**0**	**0**	**-3,133**	**0**	**0**	**-3,133**
Total comprehensive income	**0**	**0**	**0**	**0**	**-3,133**	**0**	**1,542,154**	**1,539,021**
Emission - increase sharecapital	77	0	0	0	0	0	31,304	31,381
Treasury shares	0	0	8,002	0	0	0	-1,904	6,098
Share-based payment	0	0	0	786	0	0	0	786
Dividend treasury shares	0	0	0	0	0	0	18	18
Paid-out dividends	0	0	0	0	0	-515,284	0	-515,284
Proposed dividends	0	0	0	0	0	500,531	-500,531	0
Total transaction with owners	**77**	**0**	**8,002**	**786**	**0**	**-14,753**	**-471,113**	**-477,001**
Total changes in equity	**77**	**0**	**8,002**	**786**	**-3,133**	**-14,753**	**1,071,041**	**1,062,020**
31 December 2024	**59,305**	**3,838,206**	**-476**	**2,160**	**-2,827**	**500,531**	**7,328,714**	**11,725,613**
1 January 2023	**59,143**	**3,838,206**	**-18,512**	**1,783**	**6,128**	**591,430**	**5,199,953**	**9,678,131**
Net annual profit	**0**	**0**	**0**	**0**	**0**	**0**	**1,531,165**	**1,531,165**
Fair value adjustment on financial derivatives	0	0	0	0	-7,100	0	0	-7,100
Income tax effect	0	0	0	0	1,278	0	0	1,278
Total other comprehensive income	**0**	**0**	**0**	**0**	**-5,822**	**0**	**0**	**-5,822**
Total comprehensive income	**0**	**0**	**0**	**0**	**-5,822**	**0**	**1,531,165**	**1,525,343**
Emission - increase sharecapital	85	0	0	0	0	0	40,446	40,531
Treasury shares	0	0	10,034	0	0	0	1,102	11,136
Share-based payment	0	0	0	-409	0	0	0	-409
Dividend treasury shares	0	0	0	0	0	0	291	291
Paid-out dividends	0	0	0	0	0	-591,430	0	-591,430
Proposed dividends	0	0	0	0	0	515,284	-515,284	0
Total transaction with owners	**85**	**0**	**10,034**	**-409**	**0**	**-76,146**	**-473,445**	**-539,881**
Total changes in equity	**85**	**0**	**10,034**	**-409**	**-5,822**	**-76,146**	**1,057,720**	**985,462**
31 December 2023	**59,228**	**3,838,206**	**-8,478**	**1,374**	**306**	**515,284**	**6,257,673**	**10,663,593**

P/F BAKKAFROST

Notes to the Financial Statements

NOTE 1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), endorsed by the European Union (EU), and the additional requirements according to the Faroese Financial Reporting Act. The accounting policies applied to the consolidated accounts have also been applied to the parent company, P/F Bakkafrost. The notes to the consolidated accounts provide additional information to the parent company's accounts, which is not presented here separately. The company's financial statements are presented in DKK. Investments in subsidiaries are measured at historic cost unless there is any indication of impairment. In case of impairment, an investment is written down to fair value.

NOTE 2. SALARIES AND OTHER PERSONNEL EXPENSES

DKK 1,000	2024	2023
Wages and salaries	52,747	39,315
Share based payments	6,424	5,125
Social security taxes	3,754	1,562
Pension expenses	5,517	3,325
Other benefits	7,480	7,378
Total payroll expenses	**75,922**	**56,705**
Average number of full-time employees	79	53

REMUNERATION TO SENIOR EXECUTIVES AND AUDITORS

For details of remuneration paid to senior executives, see notes to the consolidated financial statements.

NOTE 3. NET FINANCIAL ITEMS

DKK 1,000	2024	2023
Interests received deposit	17,501	16,388
Interests received from Group companies	206,710	186,811
Realized profit on financial derivatives	0	0
Other financial income	0	0
Financial income	**224,211**	**203,199**
Interest expenses on long- and short-term loans	-181,204	-159,241
Interests expences from Group companies	-268	-2,533
Interest expenses on accounts payable	0	0
Financial expenses	**-181,472**	**-161,774**
Other exchange differences	65,454	-11,795
Net currency effects	**65,454**	**-11,795**
Other financial expenses	-5,859	-6,755
Other financial items	**-5,859**	**-6,755**
Net financial items	**102,334**	**22,875**

NOTE 4. PROPERTY, PLANT AND EQUIPMENT

DKK 1,000	Land and buildings	Other equipment	Total
Acquisition cost as at 01.01.24	300,118	181,203	481,321
Acquisitions during the year	1,643	2,060	3,703
Acquisition cost as at 31.12.24	**301,761**	**183,263**	**485,024**
Accumulated depreciation and write-down as at 01.01.24	-97,621	-124,497	-222,118
Depreciations during the year	-11,745	-18,273	-30,018
Accumulated depreciation and write-down as at 31.12.24	**-109,366**	**-142,770**	**-252,136**
Net book value as at 31.12.24	**192,395**	**40,493**	**232,888**
Acquisition cost as at 01.01.23	294,772	180,183	474,955
Acquisitions during the year	5,346	1,020	6,366
Acquisition cost as at 31.12.23	**300,118**	**181,203**	**481,321**
Accumulated depreciation and write-down as at 01.01.23	-86,015	-106,422	-192,437
Depreciations during the year	-11,606	-18,075	-29,681
Accumulated depreciation and write-down as at 31.12.23	**-97,621**	**-124,497**	**-222,118**
Net book value as at 31.12.23	**202,497**	**56,706**	**259,203**

	Estimated lifetime	Depreciation method	Scrap value
Land and buildings	15-25 years	linear	10%
Other operating equipment	3-8 years	linear	0%

NOTE 5. SUBSIDIARIES AND ASSOCIATES

DKK 1,000	2024	2023
Acquisition cost as at 01.01.	6,055,265	5,626,520
Additions during the year	2,531,480	428,745
Acquisition cost as at 31.12.	**8,586,745**	**6,055,265**
Re-evaluations as at 01.01.	-2,766	-2,766
Re-evaluations as at 31.12.	**-2,766**	**-2,766**
Net book value as at 31.12.	**8,583,979**	**6,052,499**

DKK 1,000 Company	Method	Head Office	Ownership	Voting share	Carrying Amonut 2024	Carrying Amonut 2023
Bakkafrost Processing P/F	Cost	Glyvrar	100%	100%	266,372	266,372
Bakkafrost Sales P/F	Cost	Glyvrar	100%	100%	879	879
Bakkafrost Farming P/F	Cost	Glyvrar	100%	100%	313,887	313,887
Bakkafrost FSV P/F	Cost	Glyvrar	100%	100%	500	500
Bakkafrost Freshwater P/F	Cost	Glyvrar	100%	100%	500	500
Havsbrún P/F	Cost	Glyvrar	100%	100%	908,884	908,884
Bakkafrost UK Ltd	Cost	Grimsby	100%	100%	4,649	4,649
Bakkafrost Scotland Ltd	Cost	Edinburgh	100%	100%	7,034,457	4,502,977
Förka P/F	Cost	Glyvrar	100%	100%	5,000	5,000
Faroe Seafood 2011 P/F	Cost	Glyvrar	100%	100%	14,000	14,000
Munkebo Seafood A/S	Cost	Munkebo	90%	90%	22,851	22,851
FarCargo P/F	Cost	Glyvrar	70%	70%	12,000	12,000
Total subsidiaries					**8,583,979**	**6,052,499**

P/F Bakkafrost and subsidiaries, the Group, own a total of 78.7% in P/F Salmon Proteins, which is an associated company on the Group level.
P/F Bakkafrost owns 14.23% in P/F Salmon Proteins and this is classed in investment in stocks and shares.

DKK 1,000	Dividends*	Excess dividends on result	Result 2024	Result 2023
Bakkafrost Farming P/F	518,986	-71,168	447,818	529,048
Bakkafrost FSV P/F	61,689	-22,662	39,027	61,689
Bakkafrost Freshwater P/F	136,725	92,952	229,677	136,725
Bakkafrost Sales P/F	52,941	56,335	109,276	52,941
Bakkafrost Processing P/F	75,834	-44,466	31,368	75,833
Havsbrún P/F	623,273	-173,865	449,408	693,808
Bakkafrost UK Ltd.	0	1,024	1,024	3,244
Bakkafrost Scotland Ltd	0	-227,259	-227,259	-262,617
Förka P/F	0	5,146	5,146	-2,011
Faroe Seafood P/F	0	1,892	1,892	0
Munkebo Seafood A/S	0	-3,668	-3,668	-155
FarCargo P/F	0	-28,129	-28,129	-6,833
Total revenue Group contribution	**1,469,448**	**-413,868**	**1,055,580**	**1,281,672**

* Dividends from subsidiaries paid out in 2024

NOTE 6. INVESTMENTS IN STOCKS AND SHARES

DKK 1,000	2024	2023
Acquisition cost as at 01.01.	183	183
Acquisition cost as at 31.12.	**183**	**183**
Re-evaluations as at 01.01.	607	607
Re-evaluations as at 31.12.	**607**	**607**
Net book value as at 31.12.	**790**	**790**

Shares and holdings, in which the Group does not have significant influence. These are valued using the equity method or at cost since fair value cannot be measured reliably

NOTE 7. SHARE CAPITAL AND MAJOR SHAREHOLDERS

DKK 1,000	2024	2023
Share capital at 31.12.	59,228	59,143
Emission - increase of share capital	77	85
Share capital at 31.12.	**59,305**	**59,228**

The share capital is distributed into shares of DKK 1 and multiples thereof. For shareholders holding more than 5% in the Company as at 31 December 2024, see Group Accounts

NOTE 8. TAX

DKK 1,000	2024	2023
Tax payable	2,185	-4,253
Change in deferred tax	-18,362	8,437
Tax expense on ordinary profit	**-16,177**	**4,184**
Tax in the statement of financial position	**7,399**	**-10,026**
Reconciliation from nominal to actual tax rate		
Profit before tax	1,558,331	1,526,981
Expected tax at nominal tax rate (18%)	-280,500	-274,857
Permanent differences, including Group contribution without tax effect (18)	264,501	273,378
Other permanent differences (18%)	-178	5,905
Calculated tax expense	**-16,177**	**4,184**
Effective tax rate	-1.01%	0.27%

As Parent company in the Bakkafrost Group, Bakkafrost P/F is the administrating company in a Faroese Group Joint Taxation and is liable towards the Faroese Tax Authorities for taxes payable on behalf of the Faroese subsidiaries included in the Faroese Group Joint Taxation.

NOTE 9. SECURITY PLEDGES AND CONTINGENT LIABILITIES

DKK 1,000	2024	2023
Long-term debt to financial institutions	3,320,972	3,320,972
Total	**3,320,972**	**3,320,972**
Carrying amount of assets pledged as security for recognized debt		
Land and buildings	0	0
Total	**0**	**0**

The company participates in a Group financing for the Bakkafrost Group. In relation to this matter, the company has together with other Group companies pledged licenses, property, plant, and equipment, shareholdings, inventory and receivables as surety for the Group's total debt to the banks. In addition, the Group companies have guaranteed severally and jointly for the balance without limitations for each other. As part of the guarantees are also any insurance refunds. In addition, the shares in larger subsidiaries have been pledged to the bank syndicate.

NOTE 10. RELATED-PARTY TRANSACTIONS

The company operates cash pooling arrangements in the Group. Further, the company extends loans to subsidiaries and associates at terms and conditions reflecting prevailing market conditions for corresponding services, allowing a margin to cover administration and risk. The company allocates costs for corporate staff services and shared services to subsidiaries and renting of buildings.

The total amounts for rent are DKK 21.1 million (2023: DKK 21.4 million), allocation of administration etc. DKK 131.3 million (2023: DKK 102.2 million), financial incomes of DKK 203.1 million (2023: DKK 186.8 million) and sale of equipment's and packaging etc. DKK 97.9 million (2023: DKK 89.3 million). The principle of arm's length is used in all transactions with related parties.

NOTE 11. AUDITOR'S FEE

The company paid DKK 872,500 (695,000) for audit service, DKK 14,500 (138,500) for tax advisory DKK 217,500 (132,400), for other assurance engagements DKK 67,000 (132,400) for other service. Please also see note 5.5 in the consolidated financial statements.

Quarterly Financial Figures 2022 – 2024 for the BAKKAFROST GROUP

DKK 1,000	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024
Operating revenue	**1,639,345**	**1,683,824**	**1,866,989**	**1,939,809**	**2,049,881**	**1,669,658**	**1,859,408**	**1,561,902**	**2,200,673**	**1,952,295**	**1,710,928**	**1,469,778**
Purchase of goods	-559,267	-565,508	-1,048,355	-583,143	-542,707	-606,363	-1,004,249	-247,744	-569,207	-436,936	-459,159	-25,113
Change in inventory and biological assets (at cost)	126,319	271,592	361,840	-93,201	-32,396	104,922	211,407	-142,733	-34,234	-246,537	-163,584	-270,197
Salary and personnel expenses	-201,234	-186,279	-203,935	-240,231	-224,361	-201,942	-219,271	-217,096	-214,601	-203,214	-242,647	-221,464
Other operating expenses	-455,576	-485,020	-525,902	-523,801	-540,966	-464,001	-432,287	-437,985	-508,977	-537,070	-511,900	-514,254
Depreciation	-136,194	-137,112	-136,428	-127,746	-148,450	-154,248	-155,127	-179,384	-169,334	-167,826	-182,175	-184,971
Other income	4,496	5,081	10,478	4,324	4,287	5,314	9,109	19,232	5,389	27,174	21,090	25,765
Operational EBIT	**417,889**	**586,578**	**324,687**	**376,011**	**565,288**	**353,340**	**268,990**	**356,192**	**709,709**	**387,886**	**172,553**	**279,544**
Fair value adjustments on biological assets	177,338	575,911	-48,803	-426,054	53,530	-432,065	55,236	181,634	-70,176	-393,192	-266,253	360,712
Onerous contracts	-30,709	-33,606	64,315	0	0	0	0	0	0	0	0	0
Income from associates	3,345	-3,902	10,265	47,889	23,933	-3,384	10,713	39,390	0	2,423	-915	45,456
Revenue tax	-57,750	-62,838	-43,393	-51,020	-38,040	-30,002	-57,305	-27,489	-111,585	-84,147	-7,934	-18,279
Earnings before interest and taxes (EBIT)	**510,113**	**1,062,143**	**307,071**	**-53,174**	**604,711**	**-112,111**	**277,634**	**549,727**	**527,948**	**-87,030**	**-102,549**	**667,433**
Net interest revenue	1,787	0	242	4,971	2,665	2,737	3,538	11,871	4,886	3,883	6,509	3,324
Net interest expenses	-7,704	-9,545	-8,065	-39,725	-32,266	-37,672	-48,550	-66,192	-61,171	-46,484	-47,816	-44,062
Net currency effects	-8,506	10,266	-8,427	-62,399	13,669	-1,193	4,506	-14,198	12,224	-7,044	-15,123	44,848
Other financial expenses	-3,851	-5,961	-8,508	9,607	-2,428	-4,792	-1,223	-2,082	-1,899	-2,688	-1,705	-1,850
Earnings before taxes (EBT)	**491,839**	**1,056,903**	**282,313**	**-140,720**	**586,351**	**-153,031**	**235,905**	**479,126**	**481,988**	**-139,363**	**-160,684**	**669,693**
Taxes	-87,082	-212,300	-33,293	-13,330	-119,467	30,491	-17,061	-87,098	-81,020	22,813	44,383	-193,015
Profit or loss for the period	**404,757**	**844,603**	**249,020**	**-154,050**	**466,884**	**-122,540**	**218,844**	**392,028**	**400,968**	**-116,550**	**-116,301**	**476,678**
Earnings per share (DKK)	6.85	14.29	4.21	-2.61	7.90	-2.07	3.70	6.62	6.77	-1.97	-1.96	8.04
Diluted earnings per share (DKK)	6.85	14.29	4.21	-2.61	7.90	-2.07	3.70	6.62	6.77	-1.97	-1.96	8.04

DKK 1,000	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024
ASSETS												
Non-current assets												
Intangible assets	4,506,873	4,507,443	4,507,691	4,508,704	4,508,712	4,512,179	4,511,663	4,509,334	4,511,632	4,513,690	4,515,020	4,517,763
Property, plant and equipment	4,942,556	5,091,194	5,213,364	5,647,161	5,737,923	5,950,975	6,062,698	6,220,481	6,312,012	6,447,425	6,574,817	6,733,306
Right of use assets	279,128	280,234	468,106	438,545	503,681	480,573	448,376	413,277	391,035	366,774	349,000	320,847
Financial assets	154,467	139,162	149,188	234,209	258,010	238,911	249,545	288,701	299,618	299,142	288,908	334,469
Long-term receivables	0	0	0	0	0	0	0	0	0	0	0	0
Deferred tax assets	133,801	120,191	155,208	336,020	336,297	354,015	428,873	512,485	512,872	512,872	512,871	548,864
Total non-current assets	**10,016,825**	**10,138,224**	**10,493,557**	**11,164,639**	**11,344,623**	**11,536,653**	**11,701,155**	**11,944,278**	**12,027,169**	**12,139,903**	**12,240,616**	**12,455,249**
Current assets												
Biological assets (biomass)	2,636,644	3,300,603	3,268,658	2,938,485	3,035,517	2,776,846	2,765,951	3,335,570	3,315,563	2,906,409	2,601,564	3,138,657
Inventory	794,294	923,113	1,236,507	1,074,344	1,127,713	1,049,933	1,291,521	1,148,788	1,114,554	884,229	720,645	670,935
Total inventory	**3,430,938**	**4,223,716**	**4,505,165**	**4,012,829**	**4,163,230**	**3,826,779**	**4,057,472**	**4,484,358**	**4,430,117**	**3,790,638**	**3,322,209**	**3,809,592**
Financial derivatives	0	0	0	7,474	5,966	0	0	374	0	3,323	0	0
Accounts receivable	871,925	691,690	729,041	808,755	787,204	782,329	951,483	850,338	1,058,040	732,311	729,185	648,723
Other receivables	72,691	151,812	148,988	168,272	172,785	145,813	171,170	150,139	174,305	132,142	127,432	238,598
Total receivables	**944,616**	**843,502**	**878,029**	**984,501**	**965,955**	**928,142**	**1,122,653**	**1,000,851**	**1,232,345**	**867,776**	**856,617**	**887,321**
Cash and cash equivalents	**445,079**	**508,193**	**568,165**	**719,603**	**570,056**	**543,793**	**370,397**	**411,674**	**572,185**	**607,754**	**839,221**	**480,506**
Total current assets	**4,820,633**	**5,575,411**	**5,951,359**	**5,716,933**	**5,699,241**	**5,298,714**	**5,550,522**	**5,896,883**	**6,234,647**	**5,266,168**	**5,018,047**	**5,177,419**
TOTAL ASSETS	**14,837,458**	**15,713,635**	**16,444,916**	**16,881,572**	**17,043,864**	**16,835,367**	**17,251,677**	**17,841,161**	**18,261,816**	**17,406,071**	**17,258,663**	**17,632,668**

DKK 1,000	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024
EQUITY AND LIABILITIES												
Equity												
Share capital	59,143	59,143	59,143	59,143	59,143	59,228	59,228	59,228	59,228	59,305	59,305	59,305
Other equity	9,388,880	10,219,538	10,455,923	10,333,259	10,820,551	10,213,926	10,420,244	10,803,571	11,257,584	10,683,677	10,597,860	11,106,110
Non-controlling interests	2,722	-17	2,025	3,411	4,514	5,104	4,577	3,055	2,793	-1,865	-4,450	-8,748
Total equity	**9,450,745**	**10,278,664**	**10,517,091**	**10,395,813**	**10,884,208**	**10,278,258**	**10,484,049**	**10,865,854**	**11,319,605**	**10,741,117**	**10,652,715**	**11,156,667**
Non-current liabilities												
Deferred and other taxes	1,598,438	1,798,404	1,867,840	1,825,873	1,931,241	1,914,371	2,005,450	1,952,668	2,033,907	2,011,766	1,964,205	1,995,084
Long-term interest-bearing debt	2,636,926	2,774,792	2,994,760	3,383,289	2,927,265	3,454,307	3,415,259	3,944,498	3,752,546	3,573,853	3,549,392	3,480,527
Long-term leasing debt	232,735	235,739	427,270	353,355	415,744	389,391	359,768	331,115	307,128	279,351	260,716	233,897
Financial derivatives	0	0	0	0	0	0	0	0	0	0	0	0
Total non-current liabilities	**4,468,099**	**4,808,935**	**5,289,870**	**5,562,517**	**5,274,250**	**5,758,069**	**5,780,477**	**6,228,281**	**6,093,581**	**5,864,970**	**5,774,313**	**5,709,508**
Current liabilities												
Financial derivatives	8,675	7,302	15,233	0	0	2,435	9,767	0	730	0	6,059	3,447
Short-term leasing debt	76,902	70,423	52,647	106,215	76,745	65,656	81,068	65,848	59,513	68,242	63,620	64,856
Accounts payable and other debt	833,037	548,311	570,075	817,027	808,661	730,949	896,316	681,178	788,387	731,742	761,956	698,190
Total current liabilities	**918,614**	**626,036**	**637,955**	**923,242**	**885,406**	**799,040**	**987,151**	**747,026**	**848,630**	**799,984**	**831,635**	**766,493**
Total liabilities	**5,386,713**	**5,434,971**	**5,927,825**	**6,485,759**	**6,159,656**	**6,557,109**	**6,767,628**	**6,975,307**	**6,942,211**	**6,664,954**	**6,605,948**	**6,476,001**
TOTAL EQUITY AND LIABILITIES	**14,837,458**	**15,713,635**	**16,444,916**	**16,881,572**	**17,043,864**	**16,835,367**	**17,251,677**	**17,841,161**	**18,261,816**	**17,406,071**	**17,258,663**	**17,632,668**

Key Figures – 5 Year Overview for the BAKKAFROST GROUP

DKK 1,000					
Income Statement	**2024**	**2023**	**2022**	**2021**	**2020**
Operating revenues	7,333,674	7,140,849	7,129,967	5,553,849	4,651,892
Operational EBIT *	1,549,692	1,543,810	1,705,165	821,194	621,158
Operational EBITDA *	2,253,998	2,181,019	2,242,645	1,351,628	1,067,923
Earnings before interest and taxes (EBIT)	1,005,802	1,319,961	1,826,153	1,144,685	691,123
Earnings before taxes (EBT)	851,634	1,148,351	1,690,335	1,137,662	625,984
Net earnings	**644,795**	**955,216**	**1,344,330**	**964,036**	**462,845**
Earnings per share before fair value adjustments of biomass and provision for onerous contracts (DKK)	16.87	17.45	19.02	10.28	6.20
Earnings per share after fair value adjustments of biomass and provision for onerous contracts (DKK)	10.88	16.14	22.75	16.32	7.83
Statement of Financial Position					
Total non-current assets	12,496,716	11,944,278	11,164,639	10,059,184	9,224,680
Total current assets	5,177,417	5,896,883	5,716,933	4,568,984	3,983,644
TOTAL ASSETS	**17,674,133**	**17,841,161**	**16,881,572**	**14,628,168**	**13,208,324**
Total equity	11,156,667	10,865,854	10,395,813	9,347,545	8,729,487
Total liabilities	6,517,468	6,975,307	6,485,759	5,280,623	4,478,837
TOTAL EQUITY AND LIABILITIES	**17,674,135**	**17,841,161**	**16,881,572**	**14,628,168**	**13,208,324**
Net interest-bearing debt	3,532,824	3,532,824	2,663,686	2,125,811	1,752,751
Equity ratio	63%	61%	62%	64%	66%

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

Today, the Management and the Board of Directors have considered and approved the Integrated Annual Report and Consolidated Report and Accounts of P/F Bakkafrost for the financial year 1 January 2024 to 31 December 2024.

The Integrated Annual Report has been prepared in accordance with the International Financial Reporting Standards as adopted by the EU and Faroese disclosure requirements for listed companies.

In our opinion, the accounting policies used are appropriate, and the Integrated Annual and Consolidated Report and Accounts gives a true and fair view of the Group's and parent company's financial positions at 31 December 2024, as well as the results of the Group's and the parent company's activities and cash flows for the financial year 1 January 2024 to 31 December 2024.

In our opinion, the management's review provides a true and fair account of the development in the Group's and the parent company's operations and financial circumstances, of the results for the year and of the overall financial position of the Group and the parent company as well as a description of the most significant risks and elements of uncertainty facing the Group and the parent company.

In our opinion, the Sustainability statements included in the Management's Report represent a reasonable, fair, and balanced representation of the Group's sustainability performance and are prepared in accordance with the stated accounting policies.

In our opinion, the Integrated Annual Report of Bakkafrost P/F for the financial year 1 January – 31 December 2024 with the file name: 2138007LH7OP4V112978-2024-12-31.zip is prepared, in all material respects, in compliance with the ESEF Regulation. We recommend that the Integrated Annual Report be adopted at the annual general meeting.

Glyvrar, 31 March 2025

Management

Regin Jacobsen CEO

The Board of Directors of P/F Bakkafrost

Rúni M. Hansen

Chairman of the Board

Annika Frederiksberg

Board Member

Teitur Samuelsen

Board Member

Guðrið Højgaard

Board Member

Øystein Sandvik

Board Member

Einar Wathne

Board Member

Alf-Helge Aarskog

Board Member

Independent Auditor's Report

TO THE SHAREHOLDERS OF P/F BAKKAFROST

Report on the Audit of the Consolidated financial statements and parent company financial statements

Our opinion

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent's financial position at 31 December 2024, and of the result of their operations and cash flows for the financial year 1 January to 31 December 2024 in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Faroese Financial Statements Act.

Our opinion is consistent with our auditor's long-form report to the audit committee and the board of directors.

What we have audited

The Consolidated Financial Statements of P/F Bakkafrost for the financial year 1 January to 31 December 2024, pages 218-260 and 275, comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement, and the notes to the consolidated financial statements, including material accounting policy information.

The Parent Company Financial Statements of P/F Bakkafrost for the financial year 1 January to 31 December 2024, pages 261-270, comprise the income statement, statement of comprehensive income, the balance sheet, the cash flow statement, the statement of changes in equity, and the notes, including material accounting policy information.

Collectively referred to as the 'Financial Statements'.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in the Faroe Islands. Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the audit of the Financial Statements section of our report.

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in the Faroe Islands. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

To the best of our knowledge and belief, prohibited non-audit services referred to in article 5(1) of Regulation (EU) no 537/2014 were not provided.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Appointment

P/F Januar was first appointed auditors of P/F Bakkafrost on 18 April 2013 for the financial year 2013. We have been reappointed annually by shareholders on AGMs for an annual engagement every year since.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements for the current period. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit matter	*Our response to the matter during our audit*
Valuation of biomass	**Summary of the audit approach**
Biomass at marine sites is not accurately ascertainable prior to harvest and material accounting estimates are applied at the balance sheet date regarding existence and valuation. Estimates are based on information on the number at launch, feeding, sea temperature, exposure to daylight and treatment for lice and other health issues, and knowledge about how salmon responds to these factors in terms of growth rate, mortality, feed consumption ratio, and liability to stress and decease. Material inherent risk is related to biomass at sea. Biomass is valued at fair value less cost to sell. Measuring biomass at fair value includes present value calculations based on complex inputs regarding the properties of existing biomass and forecast regarding growth and mortality rates from the balance sheet date to harvest, quality distributions, as well as market conditions at expected harvest date. Given the significant amount of biological assets and the degree of judgement involved in the estimation, we consider valuation of biological assets to be a key audit matter. Reference is made to note 3.7 in the consolidated financial statements.	During our audit, we: • Applied our experience and knowledge about the characteristics of the salmon production process when considering the accounting estimates. • Assured ourselves, that the estimates are based on factual data and data which can be supported empirically. • Assured ourselves, that management is applying estimates in a way consistent with knowledge of the production process, and that the estimates are performed consistently, and that the estimates are free from bias. • Assured ourselves of the ability of management to perform these estimates by examining estimates made by management at prior balance sheet dates on a back-end basis. • Reviewed and reconciled the company-specific characteristics of inputs into the valuation models • Reconciled inputs into the calculations model to observable market conditions at the balance sheet date. • Reviewed the calculation model and ascertained that it is comparable to industry standards. • On a sample bases reperformed net present value calculation
Valuation of licenses and goodwill	
The group has acquired production licenses at significant amounts as part of business combinations where the group is identified as acquiree according to IFRS 3. During the Purchase Price Allocation process, licenses and goodwill at material amounts were identified. The goodwill and licenses with indefinite life are tested for impairment on at least annual basis. Management prepares an impairment model based on cash flows from approved budget. Cash flows are based on key assumptions, that require considerable insight and judgement from management and uncertainty will exist in relation to these key assumptions, such as harvesting volumes, margins, capital expenditure etc. The impairment assessment was a key audit matter due to significant judgments involved in the estimates used in the budgeted and forecasted cash flows. Reference is made to note 3.1 in the consolidated financial statements.	During our audit, we: • Reviewed impairment model, and ascertained that it is built on observable assumptions • Aligned inputs to board approved plans and budgets, and historical performance of the individual licenses • Reviewed valuation models for mathematical coherence and reperformed calculations on a test basis. • Reviewed and challenged the indefinite useful life assumptions

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Faroese Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in the Faroe Islands will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with ISAs and the additional requirements applicable in the Faroe Islands, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Statement on the Management's review

Management is responsible for the management's review.

Our opinion on the Financial Statements does not cover the management's review, and we do not express any kind of assurance opinion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the management's review and, in doing so, consider whether the management's review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or whether it otherwise appears to be materially misstated.

Further, it is our responsibility to consider whether the management's review provides the information required by relevant law and regulations.

Based on the work we have performed; we believe that the management's review is in accordance with the Financial Statements and that it has been prepared in accordance with the requirements relevant law and regulations. We did not identify any material misstatement in the management's review.

Report on compliance with the ESEF Regulation

As part of our audit of the Financial Statements, we performed procedures to express an opinion on whether the annual report of P/F Bakkafrost for the financial year 1 January to 31 December 2024 with the filename filename 2138007LH7OP4V112978-2024-12-31.zip is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the Consolidated Financial Statements including notes.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- The preparing of the annual report in XHTML format.
- The selection and application of appropriate iXBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for all financial information required to be tagged using judgement where necessary.
- Ensuring consistency between iXBRL tagged data and the Consolidated Financial Statements presented in human-readable format; and
- For such internal control as Management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

Testing whether the annual report is prepared in XHTML format.

- Obtaining an understanding of the company's iXBRL tagging process and of internal control over the tagging process.
- Evaluating the completeness of the iXBRL tagging of the Consolidated Financial Statements including notes.
- Evaluating the appropriateness of the company's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified.
- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy; and
- Reconciling the iXBRL tagged data with the audited Consolidated Financial Statements.

In our opinion, the Consolidated Financial Report of P/F Bakkafrost for the financial year 1 January to 31 December 2024 with the file name 2138007LH7OP4V112978-2024-12-31.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Tórshavn, 31 March 2025

Januar P/F
løggilt grannskoðanarvirki
State Authorised Public Accountants
Company reg.no. 5821

John Michal Petersen

State Authorised Public Accountant

Óli Joensen

State Authorised Public Accountant

Independent Auditor's Limited Assurance Report on Sustainability Statement

TO THE STAKEHOLDERS OF P/F BAKKAFROST

Limited assurance conclusion

We have conducted a limited assurance engagement on the sustainability statement of P/F Bakkafrost Group included in the the sustainability statement,for the financial year 1 January – 31 December 2024.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the sustainability statement is not prepared, in all material respects, in accordance with the Faroese Financial Statements Act paragraph 99 a, including:

- compliance with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the management to identify the information reported in the sustainability statement (the "Process") is in accordance with the description set out in the subsection Double materiality assessment process; and
- compliance of the disclosures in subsection EU Taxonomy within the environmental section of the sustainability statement with Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation").

Basis for conclusion

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance engagements other than audits or reviews of historical financial information* ("ISAE 3000 (Revised)") and the additional requirements applicable in Faroe Islands.

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. Our responsibilities under this standard are further described in the *Auditor's responsibilities for the assurance engagement* section of our report.

Our independence and quality management

We are independent of the Bakkafrost Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Faroe Islands. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

P/F Januar applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Inherent limitations in preparing the sustainability statement

In reporting forward-looking information in accordance with ESRS, management is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Bakkafrost Group. Actual outcomes are likely to be different since anticipated events frequently do not occur as expected.

Management's responsibilities for the sustainability statement

Management is responsible for designing and implementing a process to identify the information reported in the sustainability statement in accordance with the ESRS and for disclosing this Process in the subsection Double Materiality assessment process of the sustainability statement. This responsibility includes:

- understanding the context in which the Bakkafrost Group activities and business relationships take place and developing an understanding of its affected stakeholders;
- the identification of the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the Bakkafrost Group financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium-, or long-term;
- the assessment of the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- making assumptions that are reasonable in the circumstances.

Management is further responsible for the preparation of the sustainability statement, in accordance with the Faroese Financial Statements Act paragraph 99 a, including:

- compliance with the ESRS;
- preparing the disclosures in subsection EU Taxonomy within the environmental section of the sustainability statement, in compliance with Article 8 of the Taxonomy Regulation;
- designing, implementing and maintaining such internal control that management determines is necessary to enable the preparation of the sustainability statement that is free from material misstatement, whether due to fraud or error; and
- the selection and application of appropriate sustainability reporting methods and making assumptions and estimates that are reasonable in the circumstances.

Auditor's responsibilities for the assurance engagement

Our objectives are to plan and perform the assurance engagement to obtain limited assurance about whether the sustainability statement is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the sustainability statement as a whole.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised) we exercise professional judgement and maintain professional scepticism throughout the engagement.

Our responsibilities in respect of the Process include:

- Obtaining an understanding of the Process but not for the purpose of providing a conclusion on the effectiveness of the Process, including the outcome of the Process;
- Considering whether the information identified addresses the applicable disclosure requirements of the ESRS, and
- Designing and performing procedures to evaluate whether the Process is consistent with the Bakkafrost Group description of its Process, as disclosed in the subsection Double materiality assessment Process.

Our other responsibilities in respect of the sustainability statement include:

- Identifying disclosures where material misstatements are likely to arise, whether due to fraud or error; and
- Designing and performing procedures responsive to disclosures in the sustainability statement where material misstatements are likely to arise. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of the work performed
A limited assurance engagement involves performing procedures to obtain evidence about the sustainability statement.

The nature, timing and extent of procedures selected depend on professional judgement, including the identification of disclosures where material misstatements are likely to arise, whether due to fraud or error, in the sustainability statement.
In conducting our limited assurance engagement, with respect to the Process, we:

- Obtained an understanding of the Process by performing inquiries to understand the sources of the information used by management; and reviewing the Bakkafrost Group internal documentation of its Process; and
- Evaluated whether the evidence obtained from our procedures about the Process implemented by the Bakkafrost Group was consistent with the description of the Process set out in the subsection Double materiality assessment process.

In conducting our limited assurance engagement, with respect to the sustainability statement, we:

- Obtained an understanding of the Bakkafrost Group reporting processes relevant to the preparation of its sustainability statement including the consolidation processes by obtaining an understanding of the Bakkafrost Group control environment, processes and information systems relevant to the preparation of the Sustainability Statement but not evaluating the design of particular control activities, obtaining evidence about their implementation or testing their operating effectiveness;
- Evaluated whether material information identified by the Process is included in the sustainability statement;
- Evaluated whether the structure and the presentation of the sustainability statement are in accordance with the ESRS;
- Performed inquiries of relevant personnel and analytical procedures on selected information in the sustainability statement;
- Performed substantive assurance procedures on selected information in the sustainability statement;
- Evaluated methods, assumptions and data for developing material estimates and forward-looking information and how these methods were applied;
- Obtained an understanding of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the sustainability statement.
- Where applicable, compared selected disclosures in the sustainability statement with the corresponding disclosures in the financial statements and management's review

Tórshavn, 31 March 2025

Januar P/F
Løggilt Grannskoðanarvirki
State Authorised Public Company
Company Reg. no. 5821

John Michal Petersen
State Authorised Public Accountant

Óli Joensen
State Authorised Public Accountant