



SUPERIOR
QUALITY
SALMON



Bakkafrost presentation
A world-class company in the salmon industry

Capital Markets Day – Part 3

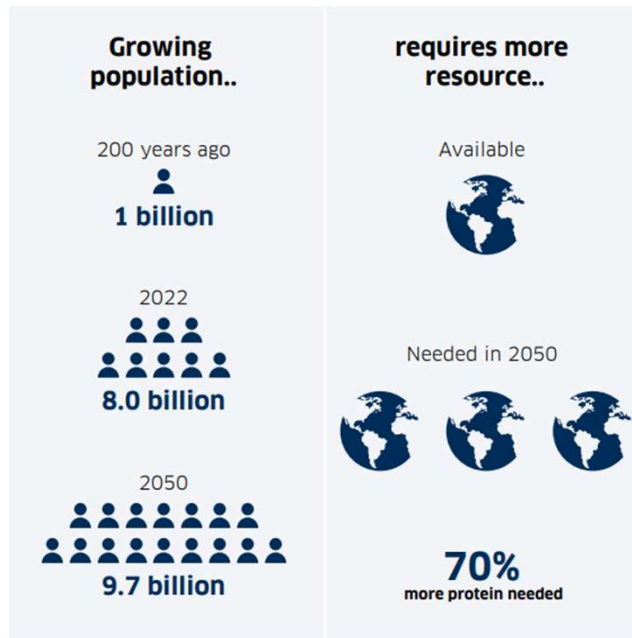
Scotland 6 June 2023

Sustainability

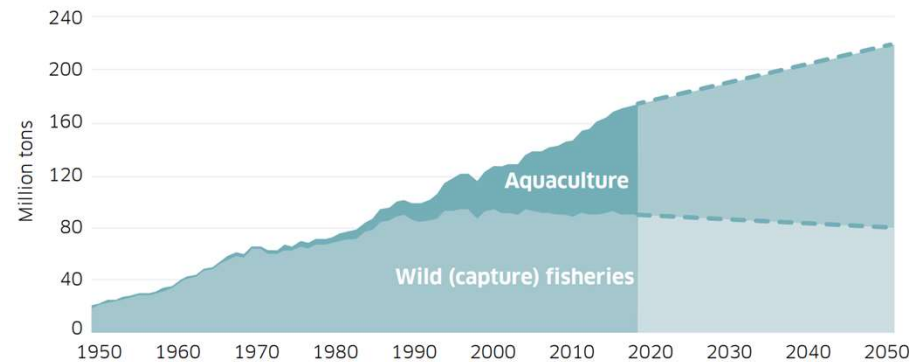
Tordis Poulsen
Group Sustainability Director

SUSTAINABLE GROWTH IS OUR RESPONSIBILITY

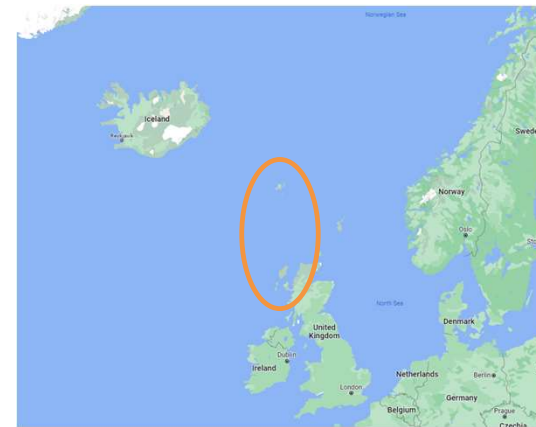
The challenge



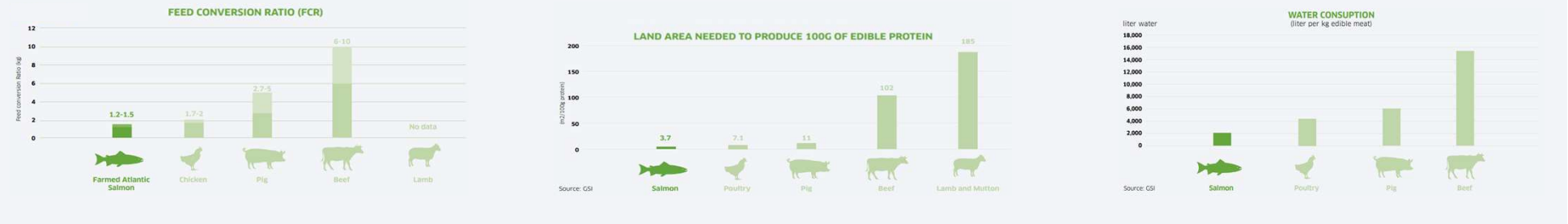
Aquaculture production must continue to grow to meet the demand



Given our location, it is our **responsibility** to the world to **grow** our production of **sustainably** produced healthy salmon.



SALMON IS A VERY RESOURCE EFFICIENT SOURCE OF HEALTHY PROTEINS



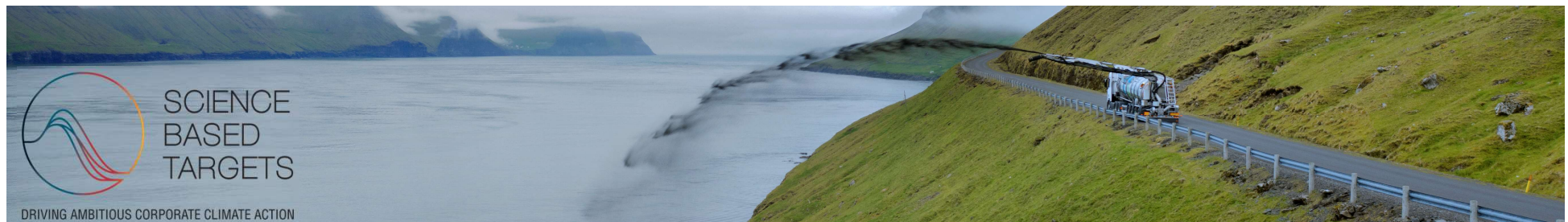
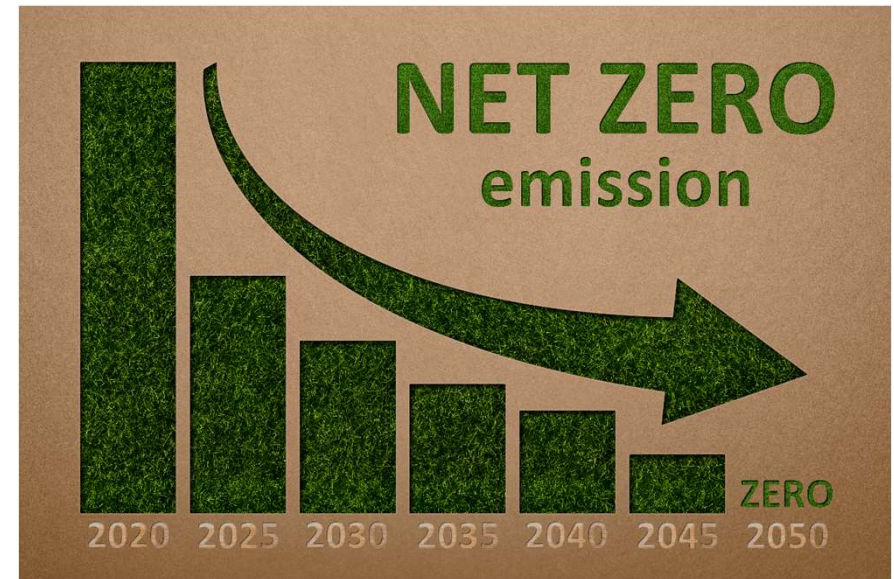
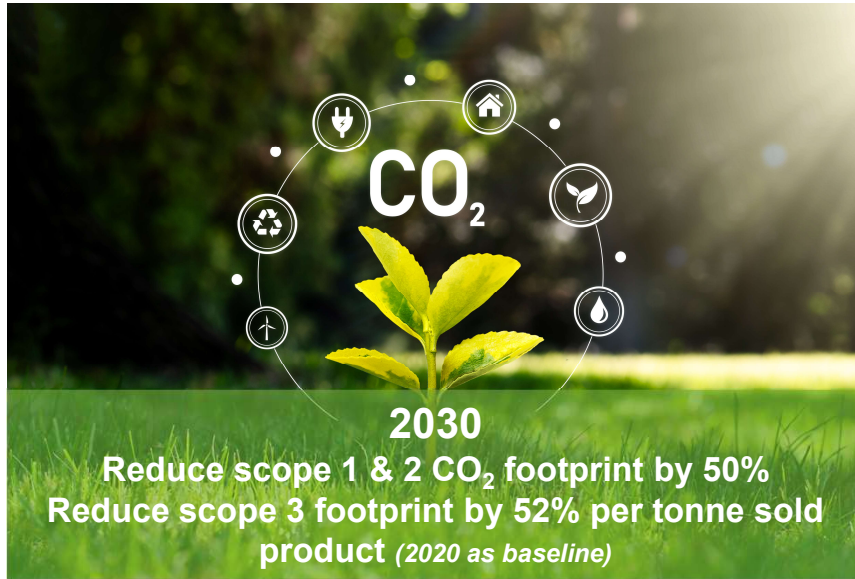
| | Farmed Atlantic Salmon | Chicken | Pig | Beef | Lamb |
|------------------|------------------------|---------|-----|------|------|
| CARBON FOOTPRINT | Lowest | | | | |
| LAND USE | Lowest | | | | |
| FEED CONVERSION | Lowest | | | | |
| WATER FOOTPRINT | Lowest | | | | |
| EDIBLE YIELD | Highest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

Priority risks at 2050

| Value chain stage | Risk description | Early transition | Late transition | Hot house |
|-------------------|---|------------------|-----------------|-----------|
| Upstream | Sourcing feed inputs for Havsbrún (soy and marine proteins) | Medium | High | High |
| | Electricity supply | Medium | Medium | Medium |
| Direct operations | Carbon pricing | High | High | Medium |
| | Harmful algal blooms | Low | Low | Medium |
| | Extreme weather events | Low | Low | Medium |
| Downstream | Use of air transportation | Medium | Medium | Low |

Key: High= ■ Medium= ■ Low= ■

BAKKAFROST HAS AMBITIOUS CARBON REDUCTION TARGETS



HEALTHY ENVIRONMENT - STATUS 2022

Goal 2030

Scope 1 & 2



2021 → 2022

+13%

which is a 0.5% increase in GHG intensity per products sold

Goal 2030

Scope 3



2021 → 2022

-8%

GHG intensity for Scope 3 emissions

Renewable electricity



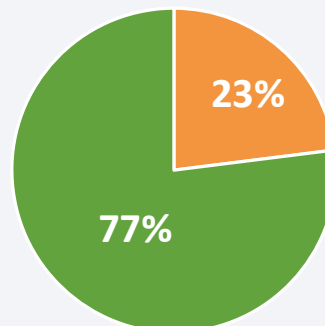
100%

Scotland

52%

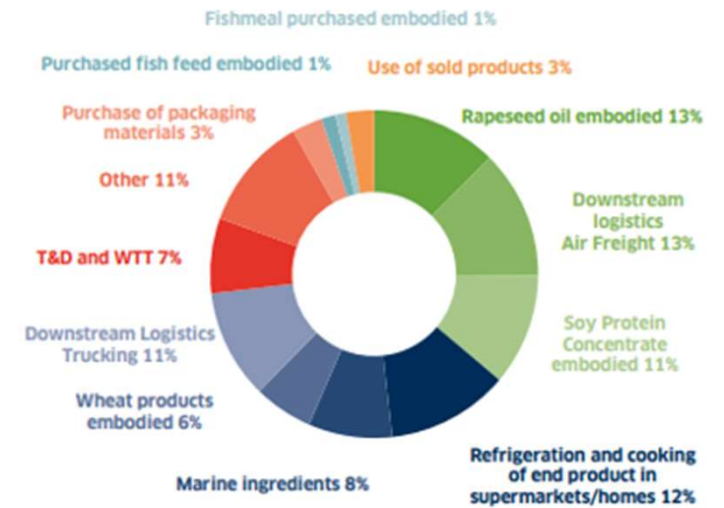
Faroe Islands

Bakkafrost total GHG emission 2022



■ Scope 1&2 ■ Scope 3

SCOPE 3: BREAKDOWN BY SOURCE



SUSTAINABLE TRANSFORMATION

INVESTING IN SCOPE 1 & 2 REDUCTION

Bakkafossur - 10,000m3 Wellboat with hybrid technology

Fuel consumption reduced **20%**



Grønárók – Fully electric workboat

Powered electricity from surplus windpower



Applecross hatchery

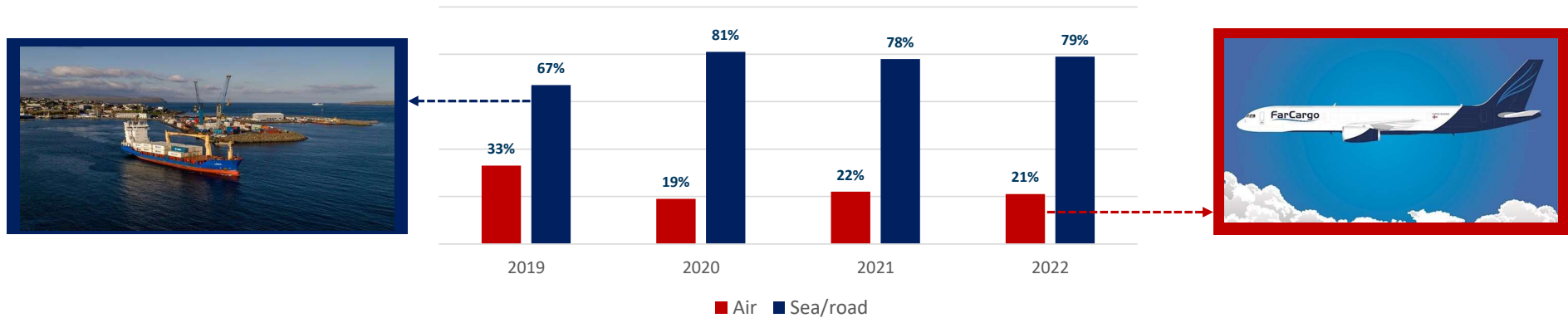
100% renewable energy & sustainable waste



HEALTHY ENVIRONMENT

REDUCING OUR SCOPE 3 CARBON FOOTPRINT BY TAKING CONTROL OF AIR TRANSPORT

Transport by air vs. sea/land





Bakkafrost Supplier Day

Mobilizing strategic suppliers on sustainability topics, including climate change and carbon reduction.

CIRCULAR ECONOMY

OUR BIOGAS PLANT REDUCES CARBON FOOTPRINT

Förka - Biogas Plant

IN 2022
FÖRKA PROVIDED



2.3%

of the total
RENEWABLE ELECTRICAL
PRODUCTION
(Faroe Islands)

Now also converting
food waste to
renewable energy



CATTLE
MANURE

ORGANIC WASTE
FROM
AQUAFARMING



BIOGAS



POWER
1,223
Homes
(@ 5 MWh)

DISTRICT HEATING
260
Homes
(@ 15 MWh)

LIQUID FERTILIZER
30,345
Tonnes

HEALTHY ENVIRONMENT

WE ARE COMMITTED TO REACH OUR CARBON REDUCTION TARGETS

Capex 2024-2028 includes

355 mDKK

dedicated for
Energy Transition

Capex 2024-2028

Regin Jacobsen
CEO

SUMMARY OF RECENT INVESTMENTS

Examples

Strond



Norðtoftir



Glyvradal



Applecross



Viðareiði



Feed line (machinery)



Førka Biogas expansion



Bakkafossur



Bakkanes



FLS systems



Grønárók



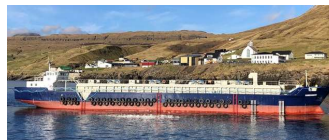
Bakkafrost US facility



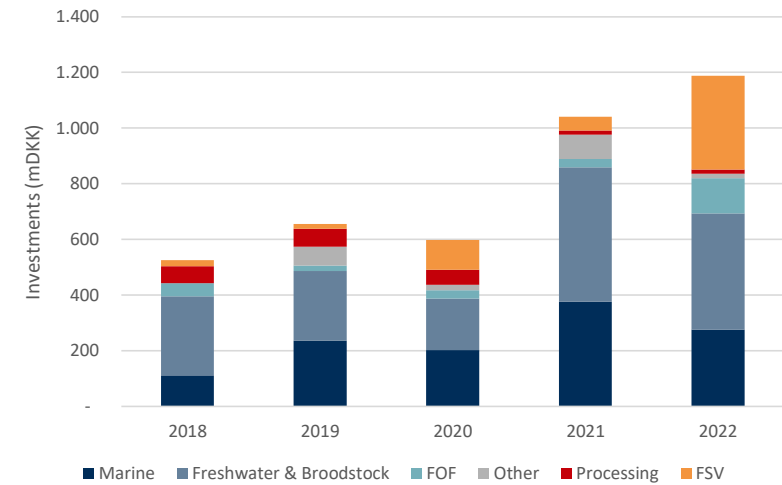
FarCargo



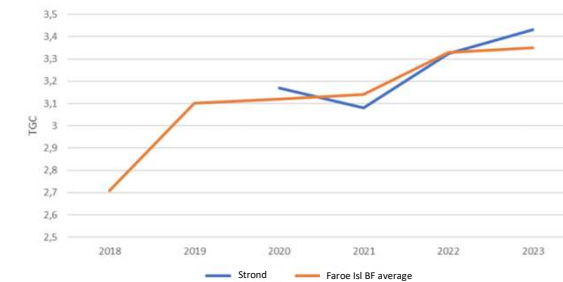
Ranghamar feed barge



4.0bn DKK invested past 5 years (Bakkafrost Group)



Marine - Strond vs rest of BF Faroe Islands [TGC]

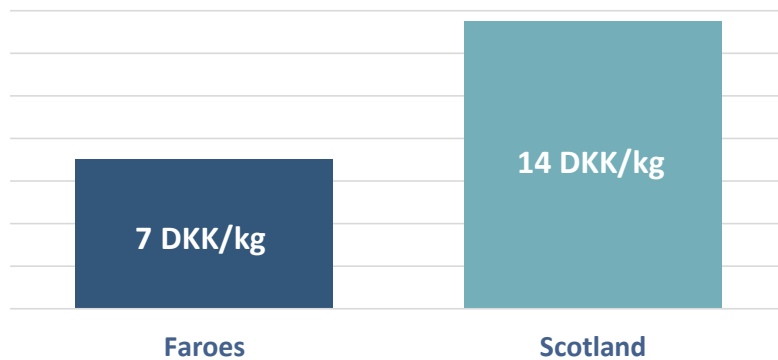


2024-2028 CAPEX PLAN - INVESTING IN SUSTAINABLE GROWTH

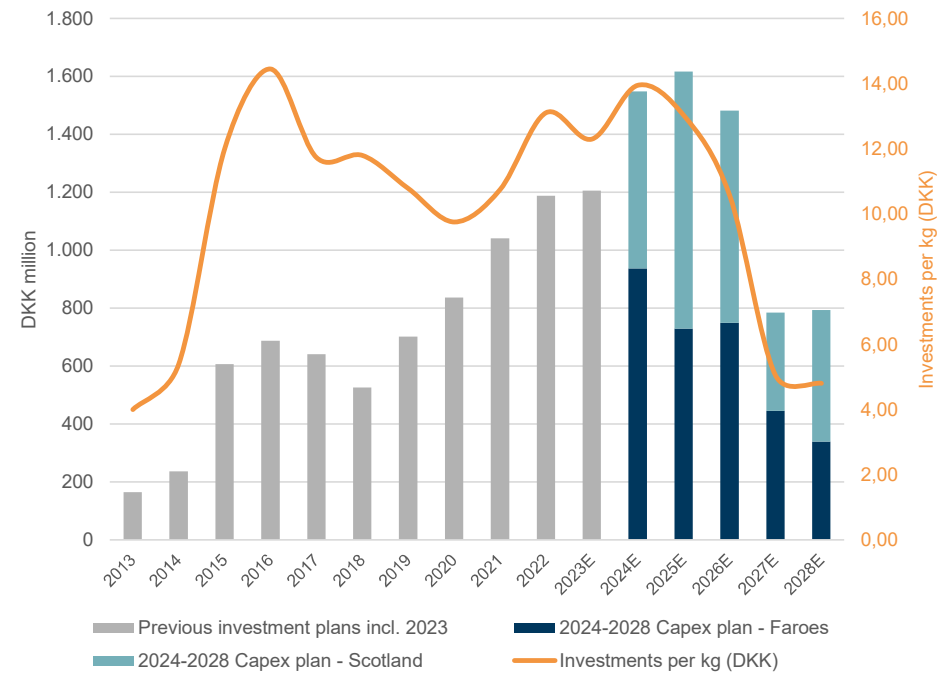
165,000 TONNES HARVEST IN 2028, FAROE ISLANDS AND SCOTLAND COMBINED

| Volumes | Faroe Islands | Scotland |
|---------|---------------|----------|
| 2023 | 68,000t | 30,000t |
| 2026 | 95,000t | 45,000t |
| 2028 | 110,000t | 55,000t |

2024-2028 Accumulated Investment* Intensity (DKK/kg harvest)



2024-2028 Capex* of DKK 6.3 bn



*Including maintenance capex

~ 6.3BN PLANNED INVESTMENTS 2024-2028

REDUCE BIOLOGICAL RISK, IMPROVE EFFICIENCY AND INCREASE ORGANIC GROWTH

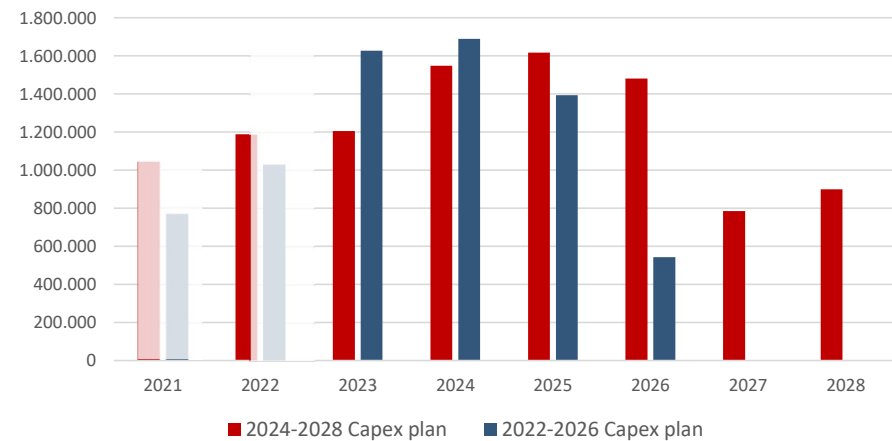
Faroe Islands:

- Hatchery capacity of 24m smolt at 500g in 2028
- Cost-efficient broodstock (repurposing old hatcheries)
- Increase feed capacity, including storage and logistics
- Optimization of existing farming sites
- Organic growth in existing licenses with new technology
 - *Offshore postponed*
- Improved vessel capacity
- Energy Transition

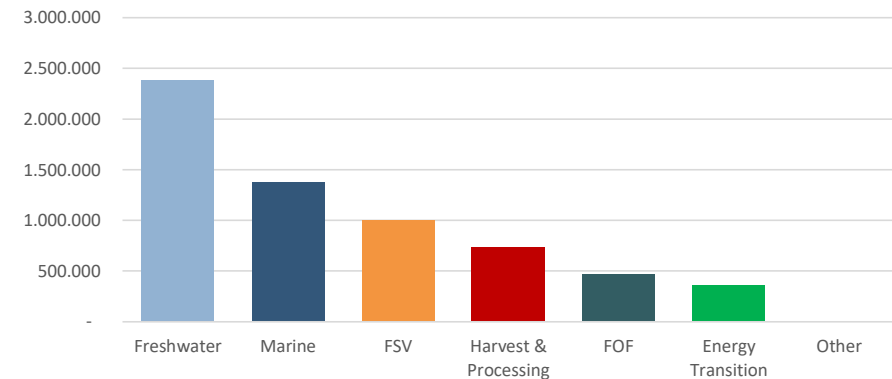
Scotland:

- Hatchery capacity of 15m smolt at 500g in 2027
- Harvest and processing plant
- Site expansions
- Vessel capacity for transport and treatment
- Marine Site development

2024-2028 capex plan vs. 2022-2026 capex plan



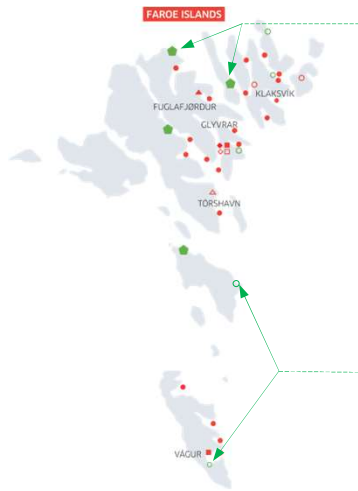
2024-2028 Planned investment split per category (DKK 1,000)



FRESHWATER

INCREASED HATCHERY CAPACITY IN BOTH REGIONS – MORE COST-EFFICIENT BROODSTOCK IN THE FAROE ISLANDS

Faroe Islands



Broodstock

Gjógv & Húsar, hatcheries repurposed for broodstock

Production in 2028: 65 million eggs

New hatchery at Skálavík or Ónavík
7.5m smolt at 500g / 30,000 m³ capacity

Completed: 2027



Previous plan to build a hatchery at Ónavík AND a broodstock facility at Skálavík is changed. Only one facility (hatchery) is included in the 2024-2028 capex plan in one of these locations.

Scotland



Expansion 5-6 of Applecross 5-6 hatchery

7m smolt at 500g
29,300m³ capacity

Completed: 2024
– scaling production from 2024



New hatchery at Fairlie

8m smolt at 500g
32,300m³ capacity

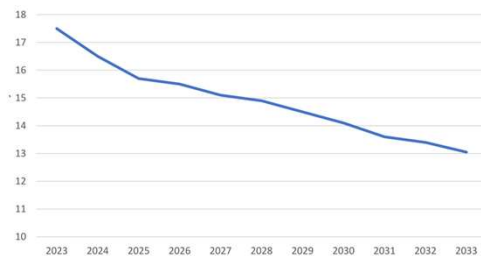
Completed: 2026
– scaling production from 2027

Faroe Islands

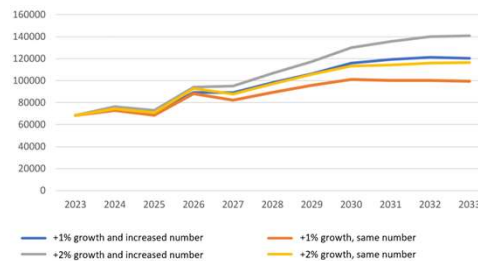
- Site optimization
- New sites within existing licenses
- Maintenance
- *Offshore farming on hold*

Optimization examples

Cycle [mths rotation time]



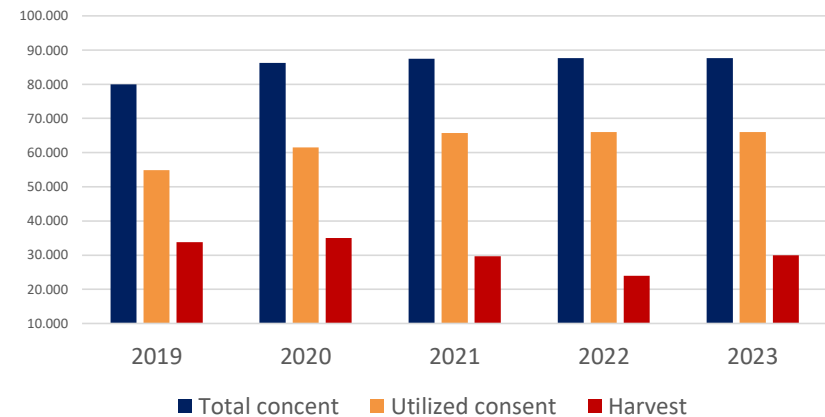
Yearly harvest [GWT]



Scotland

- New barges
- New sites & site extensions
- Maintenance

Consent in Scotland, utilization and harvest volume (tonnes)



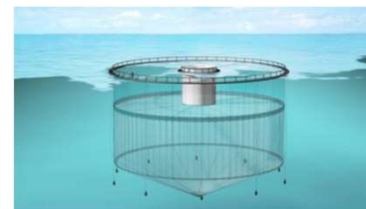
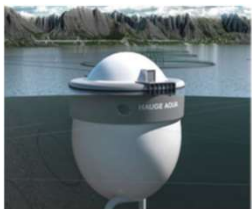
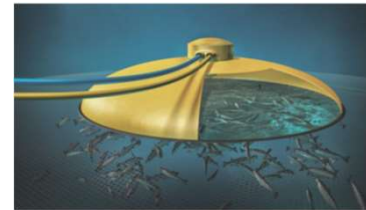
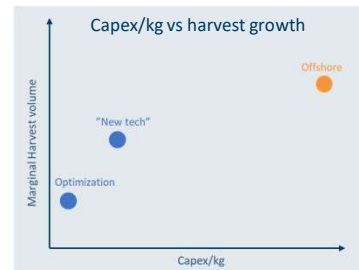
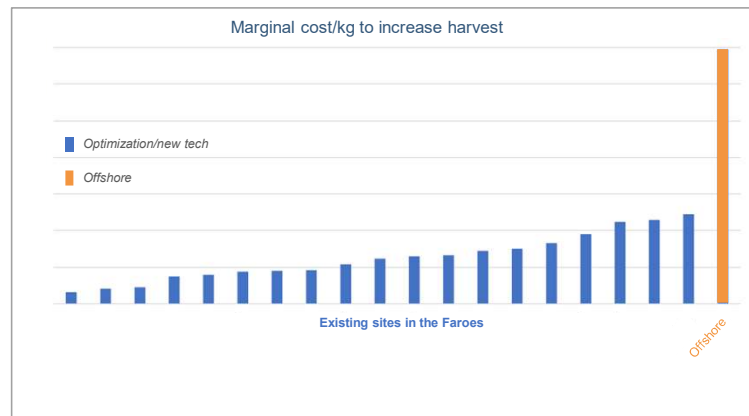
MARINE – FAROE ISLANDS

PICKING LOW-HANGING FRUITS TO ENSURE COST-EFFICIENT ORGANIC GROWTH

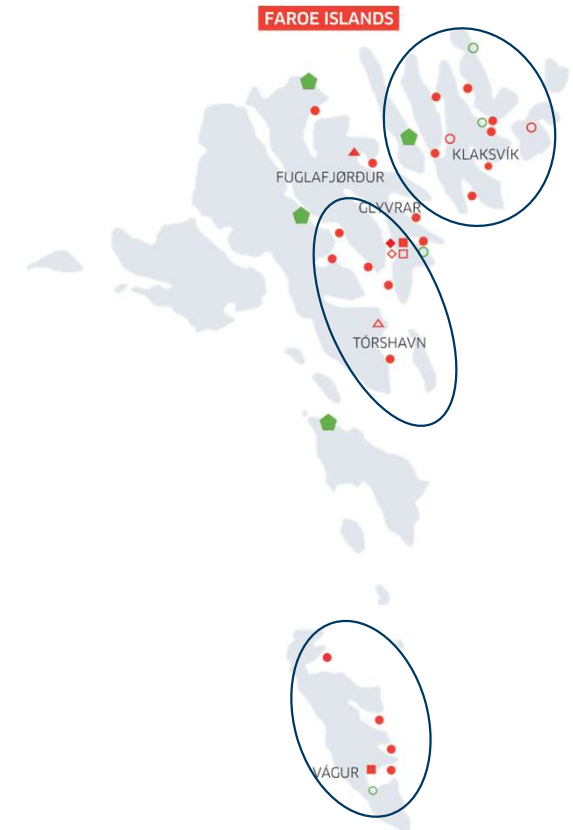
Growing with optimization and “new technology”

(Closed/semi-closed, submersed, current deflectors)

- Cost-efficient organic growth within existing licenses (*long-term potential: +50%*)
- New sites used in combination with other sites to increase efficiency
- Further reduction of sea lice



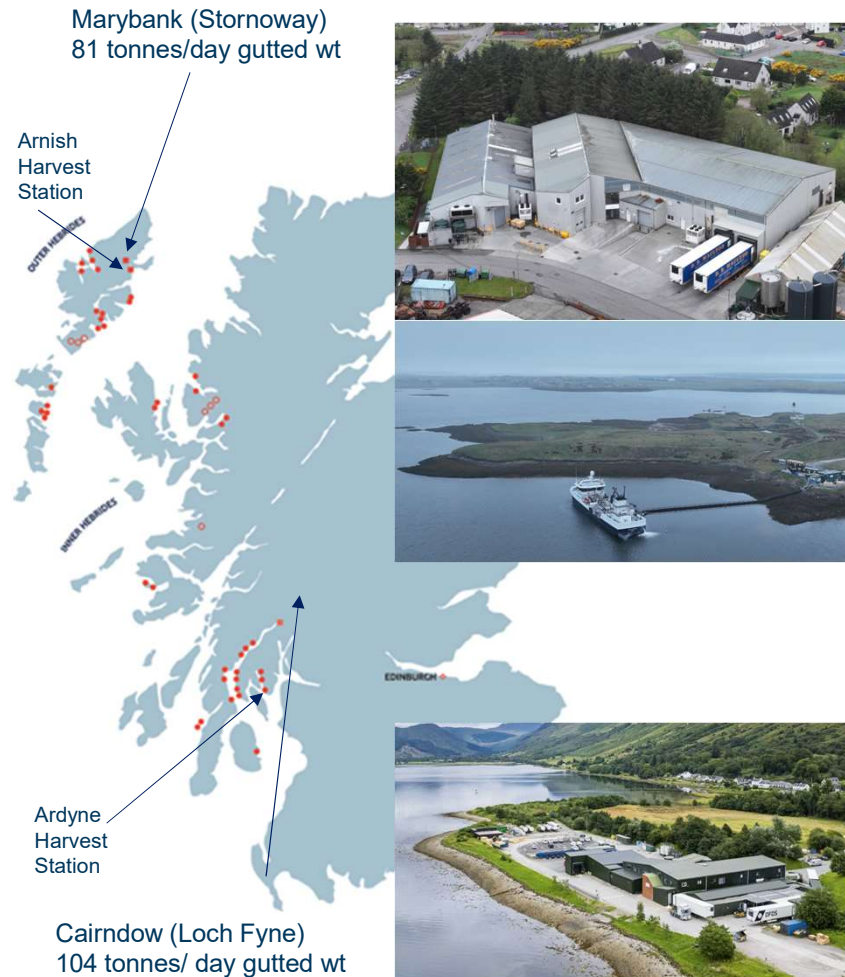
Potential new site locations



○ Areas for potential new farming sites

HARVEST & PROCESSING

INCREASING HARVEST CAPACITY IN FAROES – NEW HIGH-CAPACITY FACILITY IN SCOTLAND WITH NEW CAPABILITIES



Current

- Two processing facilities
- Separate harvest stations
- Wide geographical spread of marine sites, 1km - 400KM from farm to harvest
- Current Capacity
 - 240 tonnes/day (LWE)



2024-2028 Capex

- New highly automated efficient high quality focused processing
 - Swim through harvest
 - Latest processing technology
 - Automated packing & palletisation
 - Primary & Secondary processing
- Build capacity in line with business growth
- Meet market requirements
- Green energy opportunity

Faroe Islands:

- Harvest capacity increase



FISHMEAL, -OIL AND FEED

INCREASING ANNUAL FEED PRODUCTION CAPACITY TO 275KT, WHILE PREPARING FOR 400KT



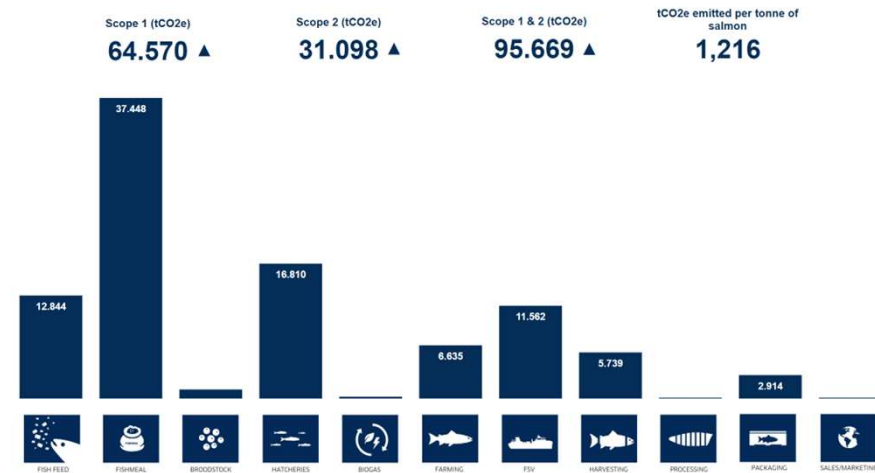
- New feed line (275kt capacity)
- Factory building space for 400kt
- Raw material silos
- Increased tank capacity for oils
- Expansion of storage tunnels in the mountain
- Extending quay site for improved logistics

ENERGY TRANSITION

355M DKK DEDICATED TO REDUCING CARBON EMISSION

- The fishmeal, -oil and feed production accounts for most of our CO2 emission, followed by the hatcheries and FSV's
- To reach our CO2 reduction targets, 108m DKK have been allocated a energy transition project
- The project evaluates the feasibility of available technologies and drives the implementation

CO2 emissions - 2022



Windpower



Electrical boilers



Battery systems



Biogas conversion



Solar



Pyrolysis



FURTHER UPLIFT IN CAPACITY AND BETTER BALANCE ACROSS THE VALUE CHAIN

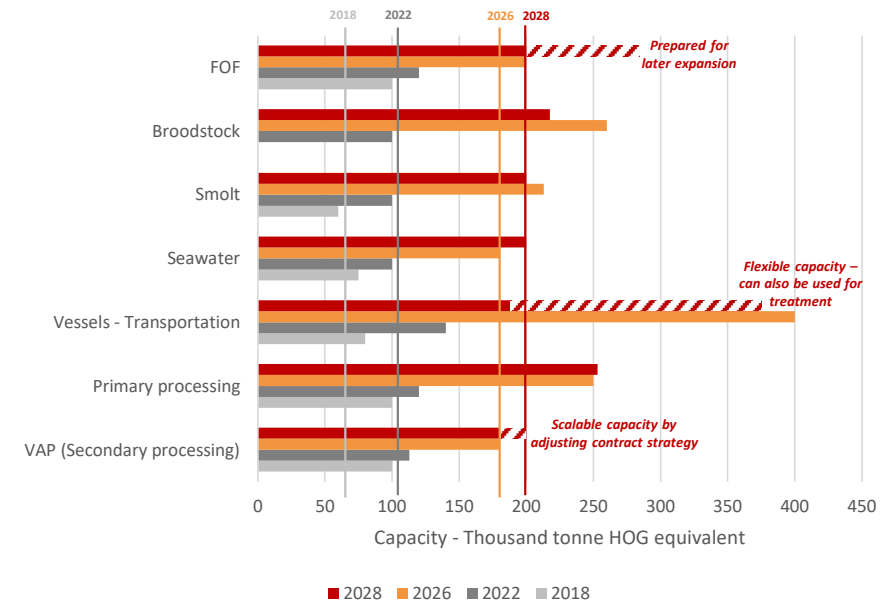
VALUE CHAIN SYNCHRONISED AT 200KT HOG HARVEST CAPACITY IN 2028



Value chain synchronised at 200kt capacity in 2028

- Extra capacity as “insurance” & flexibility and for growth:
 - Broodstock *(flexibility and future growth)*
 - Smolt *(flexibility and future growth)*
 - Vessel transportation *(flexibility and future growth)*
 - Primary processing *(market flexibility)*
 - Transportation *(flexibility and future growth)*
- Treatment Vessels *(replacing leased vessel with own)*

Development in value chain capacity



Treatment Vessel Capacity



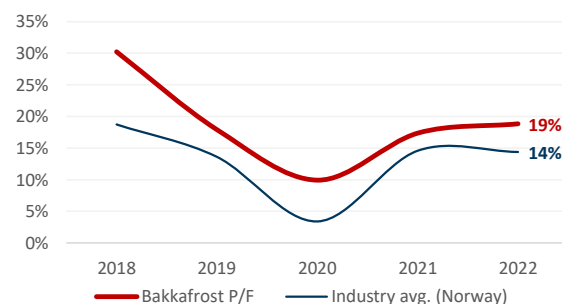
Financial position & Tax

Høgni Dahl Jakobsen
CFO

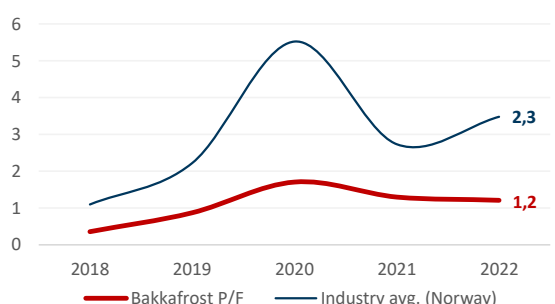
STRONG FINANCIAL POSITION

- Bakka Frost has relatively low debt compared to listed peers in Norway
- Dividend policy is unchanged (30-50% of adjusted EPS paid as dividend)

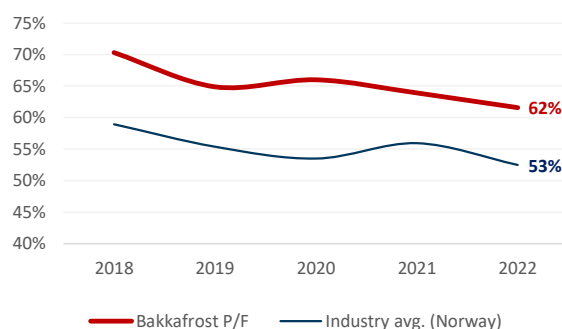
Profit Margin Source: InFront



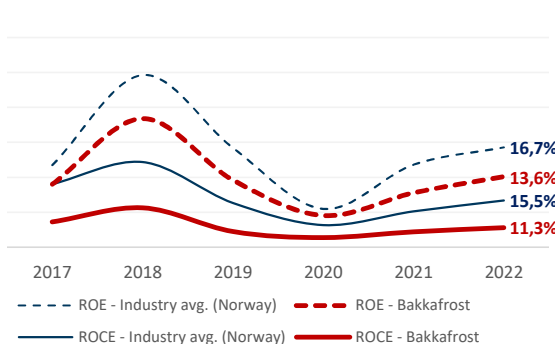
Net Debt/EBITDA Source: InFront



Equity Ratio Source: InFront



Return on Equity & Capital Employed Source: InFront



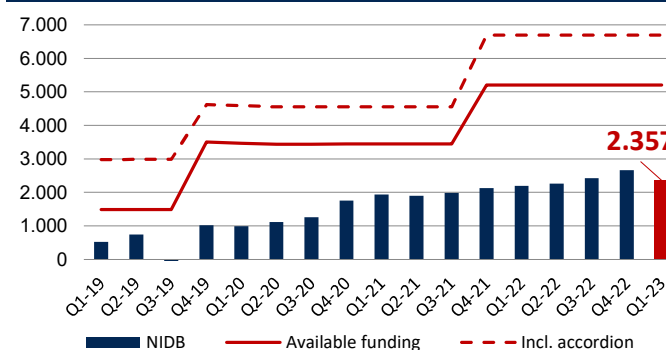
Financing

- Sustainability linked bank facilities of EUR 700 million, and an accordion of EUR 150 million.
- Maturity in Q1 2028, extendable to Q1 2029
- Sustainability KPI's:



- Covenants:**
 - Equity Ratio >35% & Interest Cover 2:1

NIBD and available funding



LOCAL FOOTPRINT

BAKKAFROST IS A SIGNIFICANT CONTRIBUTOR TO THE LOCAL COMMUNITIES (2022)



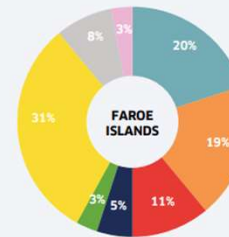
Salaries and employee taxes

Group
832 MDKK

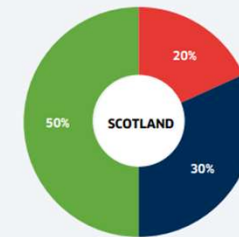
**Corporate, revenue
and dividend taxes**
Around 739 MDKK

Initiatives supported
4.5 MDKK

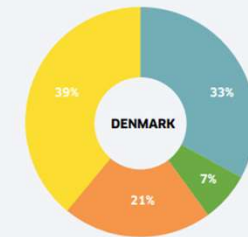
**Locally sourced products
and services**
60%



- National sports teams 20%
- Local football clubs 19%
- Arts and culture 5%
- Environment and biodiversity 31%
- Local sports clubs 11%
- Social inclusion of the elderly or the disabled 3%
- Other local giving 8%
- Emergency relief 3%



- Arts and culture 30%
- Local sports clubs 20%
- Environment and biodiversity Incl. Salmon Scotland Wild Salmonid Fund 50%



- School football 33%
- Munkebo Football Club 21%
- Danish Hospital Clowns 7%
- Other Sports Clubs 39%

THE FAROESE REVENUE TAX HAS BEEN ADJUSTED EFFECTIVE FROM 1. AUGUST 2023

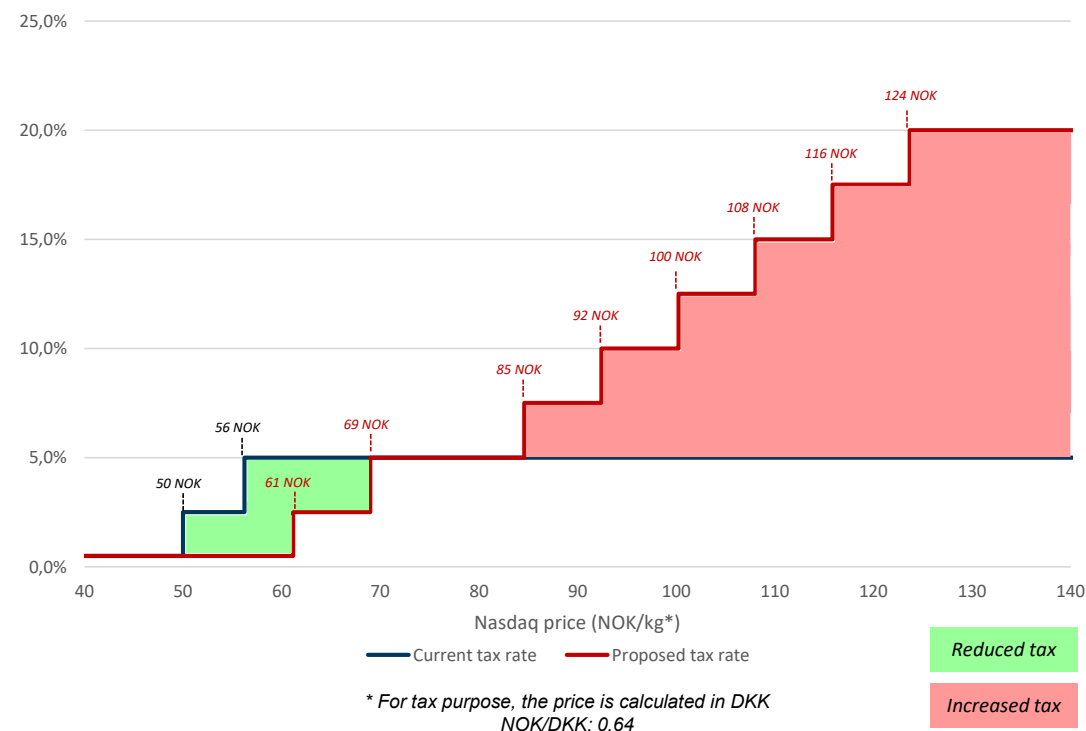
Main changes

- Reduced tax at low salmon prices
- Increased tax at higher salmon prices
- 9 tax rates applicable, depending on the difference between average production cost for Faroese salmon industry and the Fish Pool Index price
- Thresholds for the 9 tax rates to be revised twice a year to accommodate for farming cost inflation
- No revenue tax on premium

Consequence to Bakkafrost

- Increased tax
- Long VAP contracts more challenging
- Capex in the Faroe Islands is reduced
- Segment structure to be changed in financial reports




















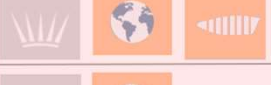




Revenue tax adjustments from 1 April 2023



BAKKAFROST'S NEW SEGMENTS

7 segments:

- FOF
- Freshwater FO
- Freshwater SCT
- Farming FO
- Farming SCT
- Services
- Sales & Other

| |  |  |  |  |  |
|---|---|---|---|---|---|
| | FOF | Freshwater | Farming | Services | Sales & other |
|  |  |  |  |  |  |
|  | |  |  |  |  |
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Market & Sales

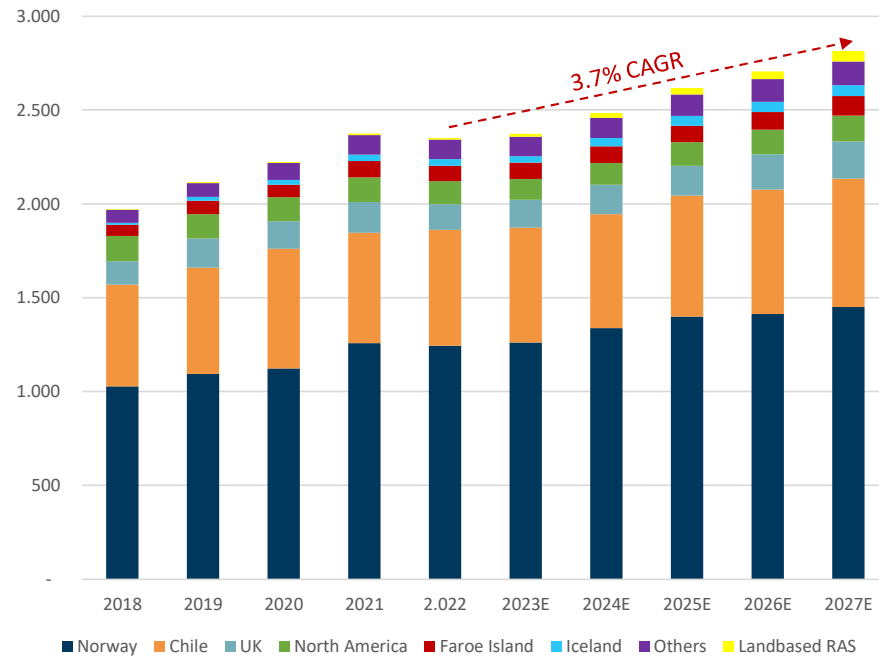
Símun P. Jacobsen

Group Sales Director

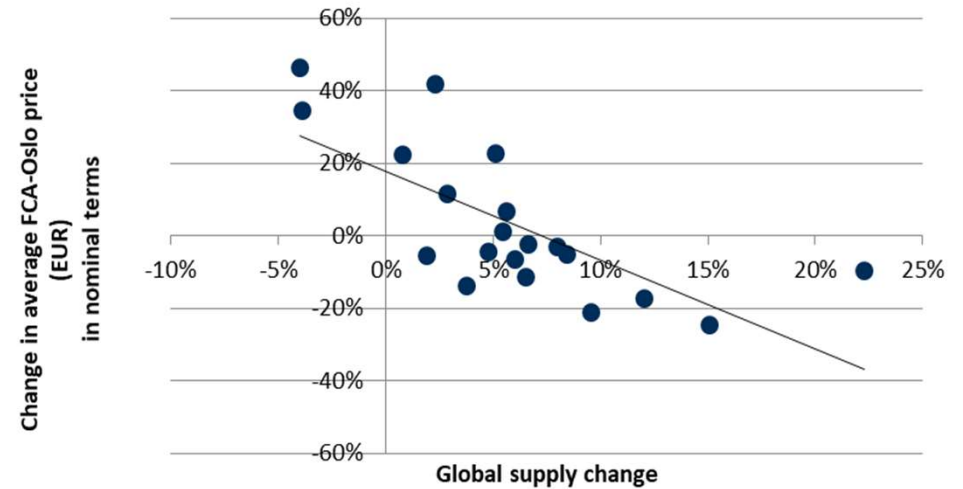
MARKET OUTLOOK

KONTALI PREDICTS LIMITED SUPPLY – IMPLIES TIGHT MARKET

Global Harvest growth 2022-2027 estimated to be 3.7% CAGR



Market balance at ~6-7% growth



SALES & MARKETING

CLEAR BRANDING STRATEGY, FOCUSING ON THE CORPORATE BRAND AND ORIGIN



- One common main brand in B2B:

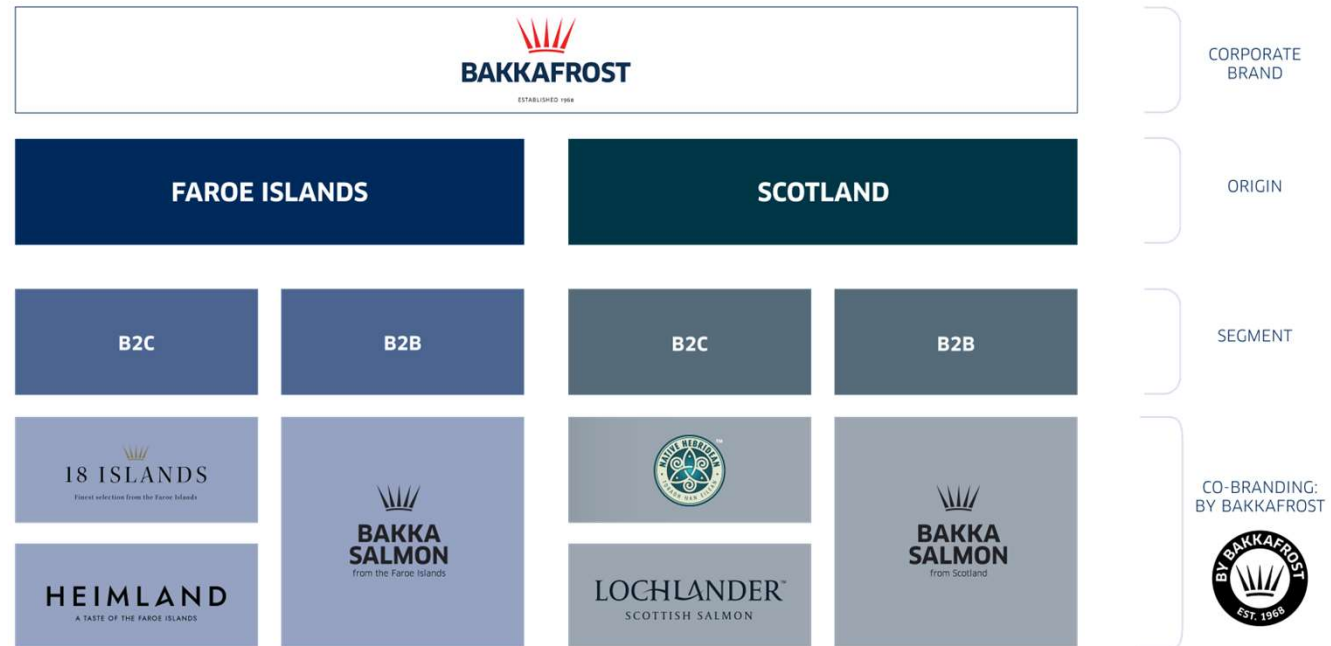
BAKKA SALMON

From the Faroe Islands

Or

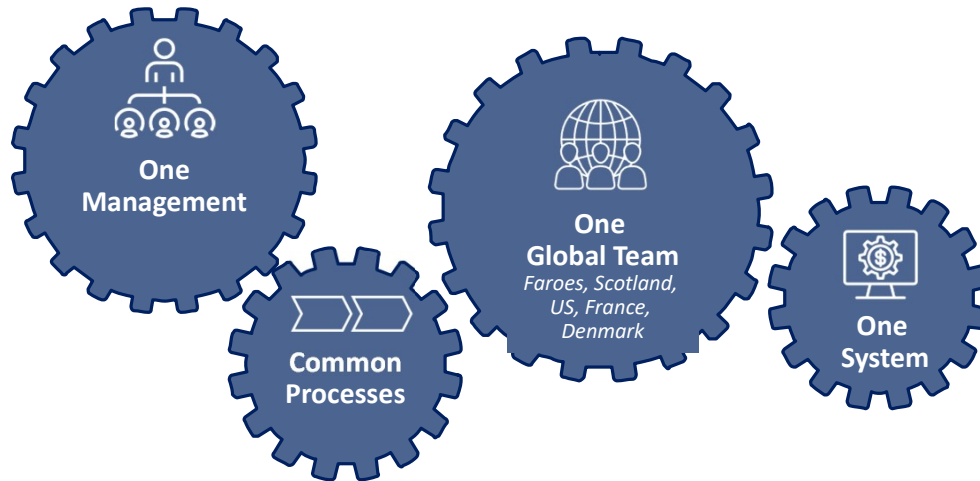
From Scotland

- Changed branding strategy has increased flexibility and yields synergy effects



SALES & MARKETING

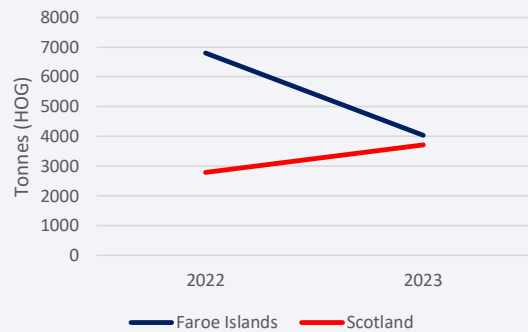
ONE SALES ORGANISATION = MANY BENEFITS



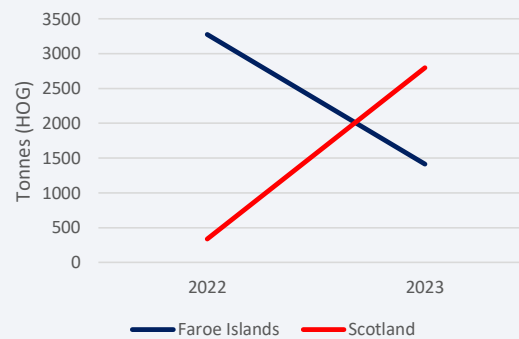
Achieving synergies, flexibility and higher market value when sales from two origins is coordinated

(w1-20 2023 vs. w1-20 2022)

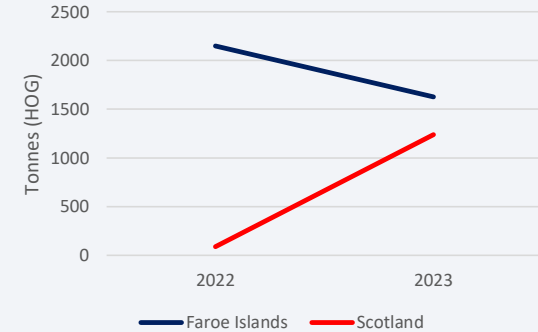
Fresh salmon sold to EU



Fresh salmon sold to US



Fresh salmon sold to Asia



SALES & MARKETING

SIMILAR BRAND PREMIUMS IN BOTH REGIONS, BUT SOME VALUE IS LOST IN SCOTLAND

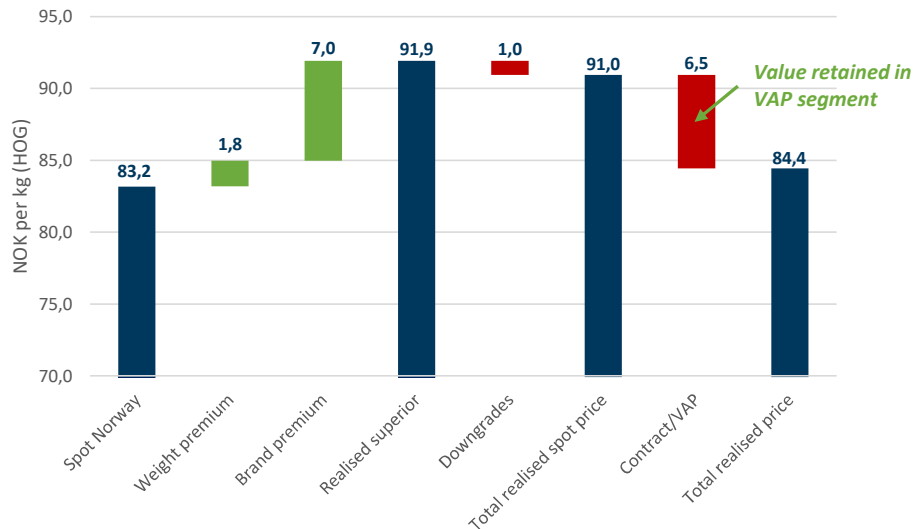
Comparing price achievement reveals issues and opportunities

- Both regions achieve significant brand premium
- Faroes gains premium on weight – Scotland losses due to lower harvest weights
- Lower ability to retain value on downgrades and contracts in Scotland

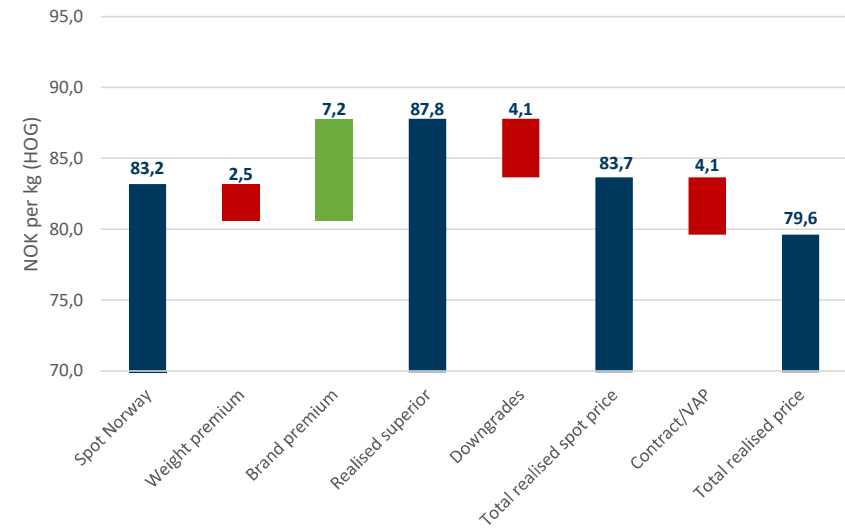
Opportunities in Scotland

- Improved biology will reduce downgrades and increase harvest weights
- Biology improvements combined with the new processing facility increases value retention on contract/VAP

Farming Segment – Faroe Islands (2022)



Scotland (2022)



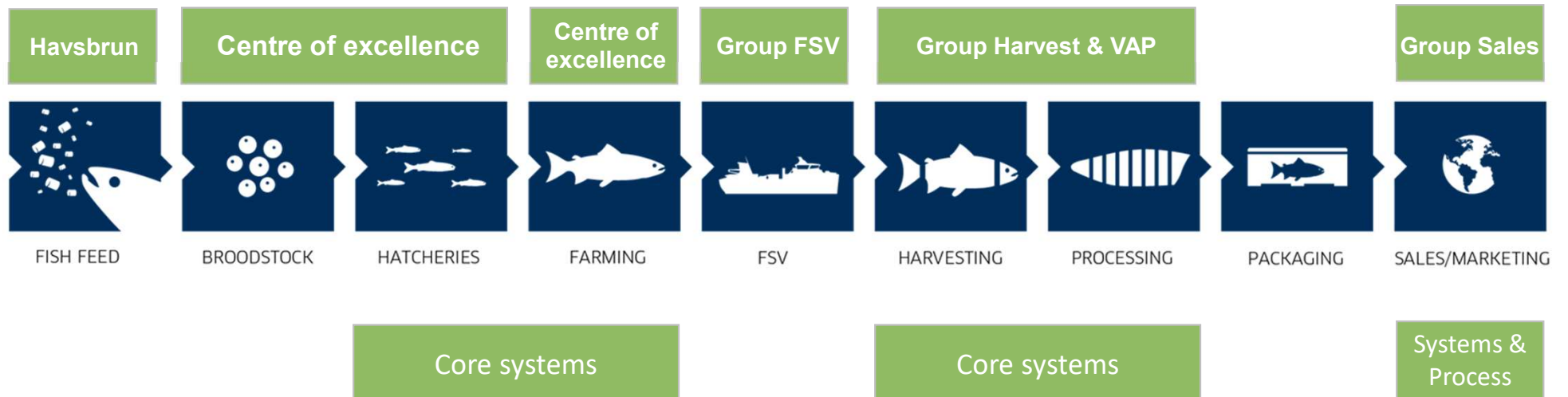
One Company

Heini S. Kristiansen

Group HR Director

Management and functional alignment

Group admin and support functions



Goal: 'One Company' and 'One Team' with an aligned business strategy



Scotland structure review and new Target Operating Model



Headcount in Scotland reduced by 10%

Restructure process concluded by end Q1 of 2023. Now looking forward

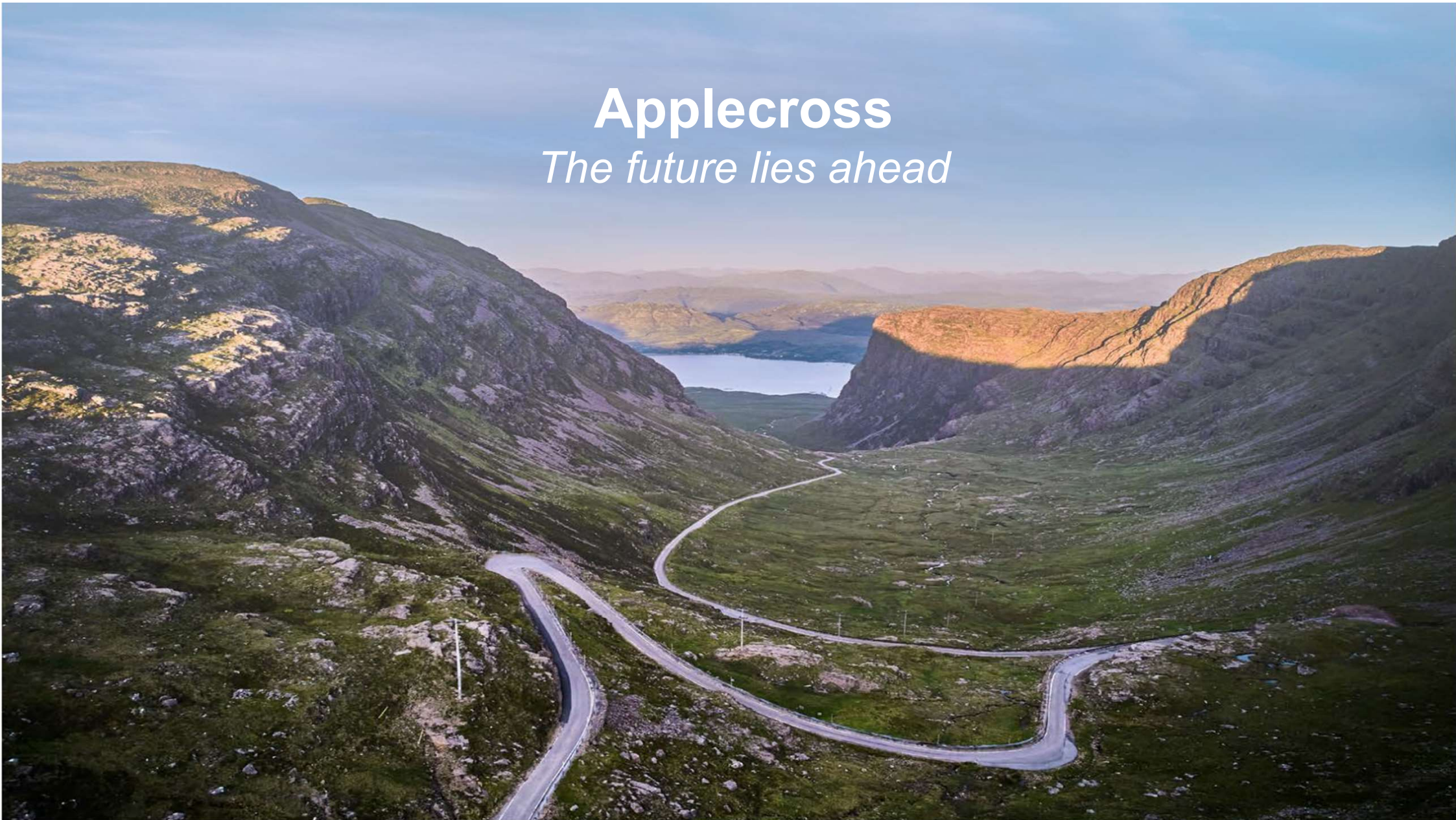


Integration – Core systems, aligned processes & best practices



Applecross

The future lies ahead



Q&A

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