



**Annual Report 2021**  
April 21, 2022

# IMPORTANT INFORMATION

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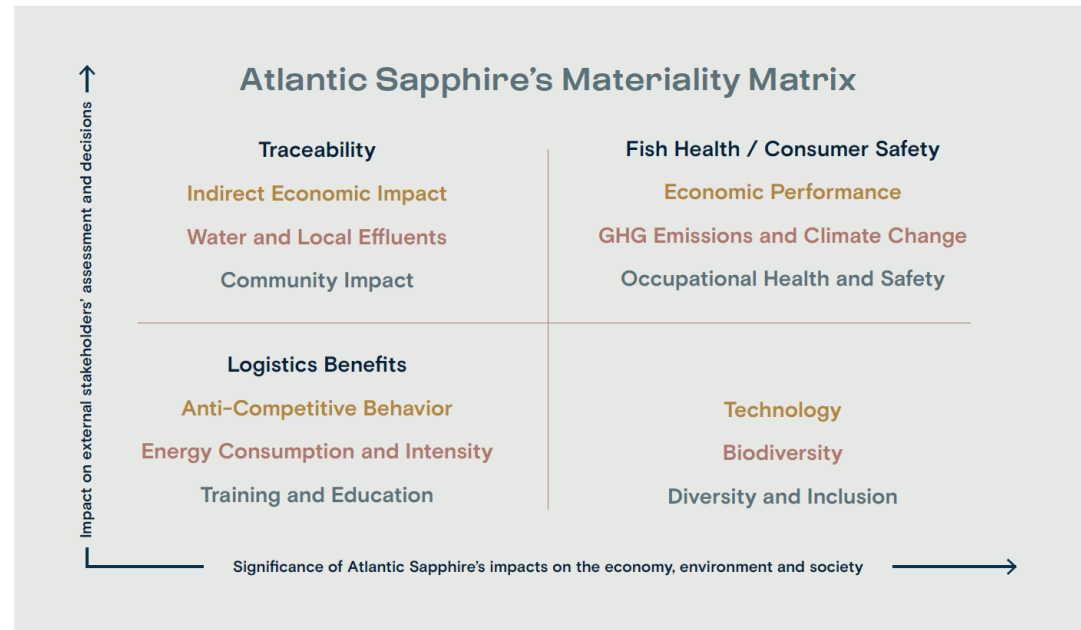
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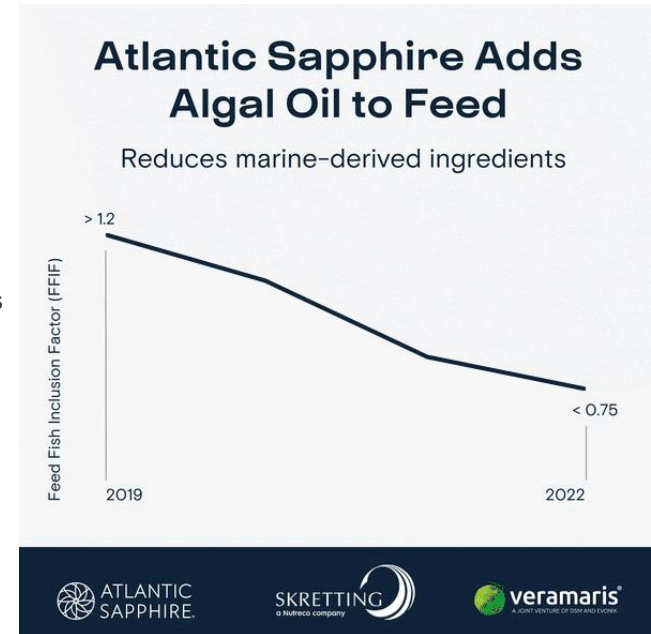


- Product Responsibility
- Economic Responsibility
- Environmental Responsibility
- Social Responsibility

**The Relative Importance Of Fish Health Has Increased In 2021**

## Selected milestones achieved in 2021

- **Lowering our salmon feed's impact on the ocean**
  - 25% of fish oil replaced with domestic land produced Algal Oil (Veramaris)
  - Marine derived ingredients (FFIF<sup>1</sup>) down to under 0.75
- **Reducing freshwater consumption**
  - ~95% of the water used is saline water from the Floridan aquifer
- **Recyclable packaging**
  - 50% reduction in use of Styrofoam due to compostable and recyclable shipping boxes
- **Carbon sequestration identified**
  - Estimate ~120 tons of CO2 captured per day (Phase 1+2) with deep injection well
- **Circular economy**
  - 100% of by-product from fileting operation sold as pet food ingredients
- **Healthy protein production**
  - American heart association "heart check" certified
- **Local job creation**
  - 166 employees as of December 31, 2021



**On Track With Key ESG Targets**

<sup>1</sup> FIFF: The feed fish inclusion factor estimates the combined fishmeal and fish oil concentration of the feed on a dry-weight basis relative to the wild fish.

## 2021 Consolidated Statement of Operations

- Total harvest volume of 2,374t HOG in 2021, up 140% from 989t HOG in 2020
- USD34.8m impairment of the Denmark asset at Dec 31, 2022, as the insurance case was ongoing
  - Gain to be recorded on the insurance settlement amount
  - Accounting treatment required to be ‘virtually certain’
  - 2021 Group EBITDA excl. DK impairment: USD82.4m
- USD16.6m of indirect production costs expensed through cost of materials for underutilized capacity, rather than booked in the balance sheet
- USD11.0m in temporary chiller and generator rental costs in the US following the breakdown of the chiller plant (“PEC”) in Q1 2021
  - USD10m insurance claim process ongoing
  - ~USD5m in chiller rental cost expected in 2022

(USD 1,000)	Note	2021	2020
<b>Revenue</b>	3	16,851	6,270
<b>Expenses</b>			
Cost of materials	5, 15	65,607	18,169
Fair value adjustment on biological assets	5	(1,429)	9,478
Salary and personnel costs	6, 18, 20	10,584	7,448
Other operating expenses	4, 7, 8	24,572	11,025
Impairment of non-current assets	9, 23	34,754	-
Depreciation and amortization	9	15,056	6,745
<b>Total expenses</b>		<b>149,144</b>	<b>52,865</b>
<b>Operating loss</b>		<b>(132,293)</b>	<b>(46,595)</b>
Finance income	10	3,362	889
Finance expense	10, 19	(3,847)	(9,487)
<b>Loss before income tax benefit</b>		<b>(132,778)</b>	<b>(55,193)</b>
Income tax benefit	11	-	-
<b>Net loss</b>		<b>(132,778)</b>	<b>(55,193)</b>
<b>Earnings per share:</b>			
Basic earnings per share		(1.53)	(0.74)
Diluted earnings per share		(1.53)	(0.74)

**2021 Financials Reflect Ramp-Up Of US Phase 1 Production and Phase 2 Construction**

**2021 Consolidated Statements of Financial Position**

- Reduction in PP&E related to USD34.8m impairment of the Denmark asset
  - Gain to be recorded on the insurance settlement amount
- Total 2021 capital expenditures of USD57.5m
  - Largely tied to US Phase 2 construction
  - USD9m for US Phase 1 capex, USD2m in Denmark capex
- NIBD as of December 31, 2021: USD33m
  - USD1.1m “PPP loan” forgiven in H2 2021
  - USD20m RCF facility undrawn

(USD 1,000)	2021	2020
<b>ASSETS</b>		
Non-current assets		
Property, plant, and equipment, net	264,449	257,080
Other	3,384	4,205
<b>Total non-current assets</b>	<b>267,833</b>	<b>261,285</b>
Current assets		
Prepaid and other current assets	1,593	1,573
Inventories, net	6,590	2,713
Biological assets	16,795	24,610
Trade and other receivables, net	1,449	1,869
Restricted cash	468	386
Cash	17,012	28,523
<b>Total current assets</b>	<b>43,907</b>	<b>59,674</b>
<b>TOTAL ASSETS</b>	<b>311,740</b>	<b>320,959</b>
<b>EQUITY AND LIABILITIES</b>		
Equity		
<b>Total equity</b>	<b>239,556</b>	<b>255,459</b>
Non-current liabilities		
Borrowings (non-current)	50,000	51,156
Lease liability (non-current)	2,842	3,091
<b>Total non-current liabilities</b>	<b>52,842</b>	<b>54,247</b>
Current liabilities		
Lease liability (current)	324	482
Trade and other payables	19,018	10,771
<b>Total current liabilities</b>	<b>19,342</b>	<b>11,253</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>311,740</b>	<b>320,959</b>

**2021 Financials Reflect Ramp-Up Of US Phase 1 Production and Phase 2 Construction**

## 2021 financials broken up between the US and Denmark

Year ended 31 December 2021 (USD 1,000)	Fish farming		Other and eliminations	Consolidated
	Denmark	US		
Revenue from sale of salmon	3,560	13,291	-	16,851
EBITDA	(43,461)	(71,403)	(2,373)	(117,237)
EBITDA, pre-fair value adjustment on biological assets	(45,062)	(71,231)	(2,373)	(118,666)
EBITDA, adjusted*	(10,308)	(71,231)	(2,373)	(83,912)
Pre-tax loss	(48,076)	(89,528)	4,826	(132,778)
Total assets	1,488	298,617	11,635	311,740
Total liabilities	40,045	154,216	(122,077)	72,184
Depreciation and amortization	2,899	12,157	-	15,056
Interest income	-	1,388	1,974	3,362
Interest expense	1,716	7,356	(5,225)	3,847
Impairment of non-current assets	34,754	-	-	34,754
Capital expenditures	1,908	55,549	-	57,457
Cash flows from operating activities	(3,386)	(63,725)	(765)	(67,876)
Cash flows from investing activities	(2,674)	(55,238)	1	(57,911)
Cash flows from financing activities	5,198	112,805	(3,144)	114,859

**All Focus Is On The US**

\* EBITDA adjusted for fair value adjustment on biological assets and impairment of non-current assets

## US cost breakdown

- The US Phase 1 underlying cost base highlights cost/kg potential in steady state production
  - Simplified, the feed is the main variable cost
    - Feed cost = biomass gain (t RLW) x eFCR x feed price
  - Significant economies of scale with Phase 2
    - Overhead costs (Other Operating Expenses) should only increase marginally
    - Shared services and infrastructure
    - Design of phase 2 ensures "easier to operate" farm
  - Operational cost reductions are expected under stable conditions
    - Numerous cost saving opportunities identified
  - Lower processing costs, better yields and more consistent quality grading expected with new in-house filleting line

2021: Adjusted US Phase 1 fixed cost base walk <sup>1</sup>	USDm
Total expenses	84.7
External chiller rental	(11.0)
Extraordinary mortality	(7.7)
2021 feed cost	(13.1)
<b>Adj. 2021 US "fixed cash cost" excl. feed</b>	<b>52.9</b>

**Current Cost Base Supports Profitability In US Phase 1 Steady State Production**

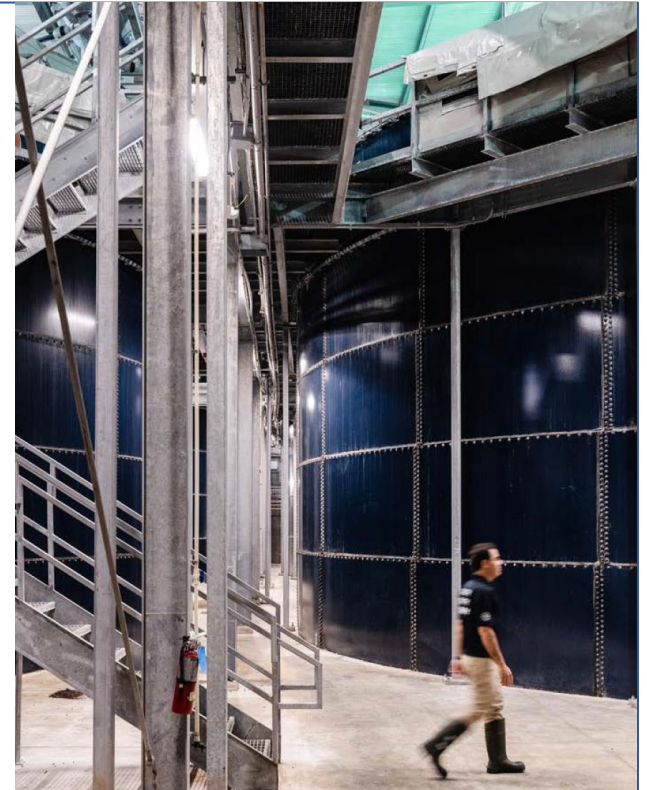
<sup>1</sup> Cost on an EBITDA level excluding extraordinary costs in 2021 and feed cost



### Key operational focus in 2021

Risk of mortality events reduced both in size and frequency:

- **All growout systems split in two**, limiting individual incidents from six to three tanks
- **Center drains modified throughout the facility**, reducing the risk of initial smaller mortality disrupting the flow of new water into the tanks
- **Key water quality parameters adjusted** after a thorough vetting process, significantly reducing H<sub>2</sub>S toxicity and CO<sub>2</sub> levels in the water
- **Organizational restructuring** with higher amount of staffing outside regular working hours
- The **Facilities Operation Advisory Board** (the “FOAB”) vetting activities outside standard operating procedures
- **Additions and fine tuning of automation systems**, including operational dashboards



**Significant Operational Improvements Have Dramatically Reduced Risk**

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