



**Q3 2022  
Operational  
Update**

November 15, 2022



# IMPORTANT INFORMATION

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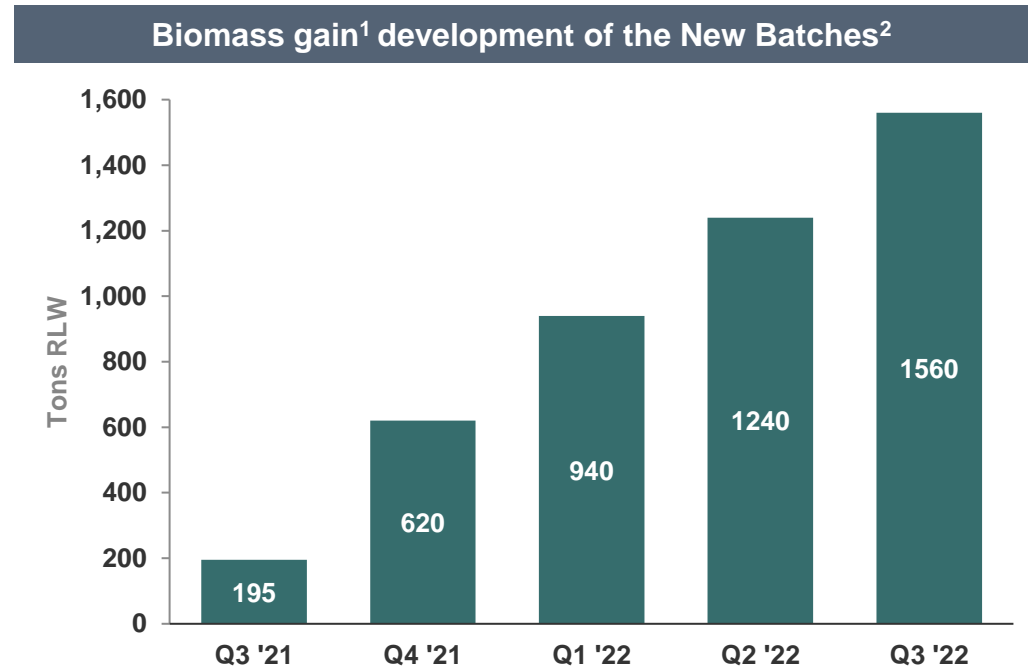
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## Q3 2022 operational status

- Good performance in July and August, then slowdown in biomass gain in September
- Normal maturation levels across all batches
- ~3,250t RLW in standing biomass as of Sep 30, 2022
- Q3 2022 harvest volume: ~1,050t HOG
- Because of early harvest, steady state<sup>3</sup> standing biomass of ~4,200t RLW and full production is expected by the end of Q1 2023



**Focus On Getting To Full Phase 1 Production**

<sup>1</sup> Biomass gain: Estimated net change in standing biomass in the period, adjusted for actual harvest volumes. Includes any culling or mortality.

<sup>2</sup> New Batches: US batches introduced into the Bluehouse from mid-2020, farmed under stable conditions

<sup>3</sup> Steady state: Full capacity utilization of the Phase 1 facility, when annualized biomass gain and harvest volumes are estimated to ~9,500t HOG



## H2 2022 biological issues (October 16, 2022 announcement)

- As announced, fish in certain independent systems were harvested out at sub-optimal weights after experiencing loss of appetite and elevated mortality
- The cause of the early harvest has been thoroughly analyzed and has been identified as an issue caused by sub-optimal operational procedures
- No disease or issue with any farm-wide infrastructure or production inputs, such as intake water or feed
- Actions taken:
  1. Adjustments to automation and equipment
  2. Optimization of farm operations and protocols



**Issue Identified. Actions Taken To Avoid The Issue In The Future.**

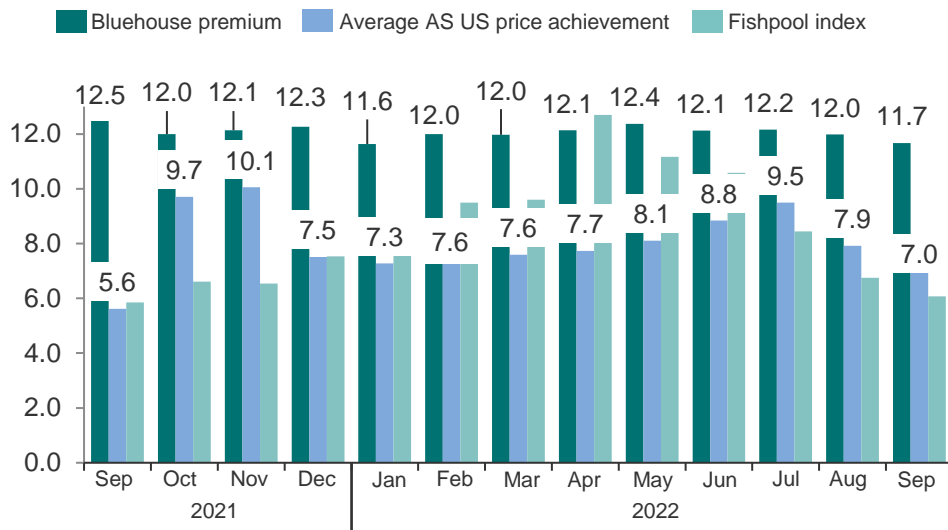
## Status on the key optimization items

- ✓ **New water chiller system:** To be commissioned across all systems by end of November 2022. *Temperature stability and sufficient cooling capacity is critical for good biological performance.*
  - Allows for pre-cooling of intake water
  - Lower power consumption
  - Added redundancy and reduced risk
  - Simplifying operations significantly
- ✓ **Lighting:** Additional tank lights now installed across all systems to enhance appetite and mitigate early maturation
- ✓ **Nutrition:** Feed formula improvements fully implemented, with positive effect on fillet color
- ✓ **New ozone system:** Improved water clarity and reduced nutrient load

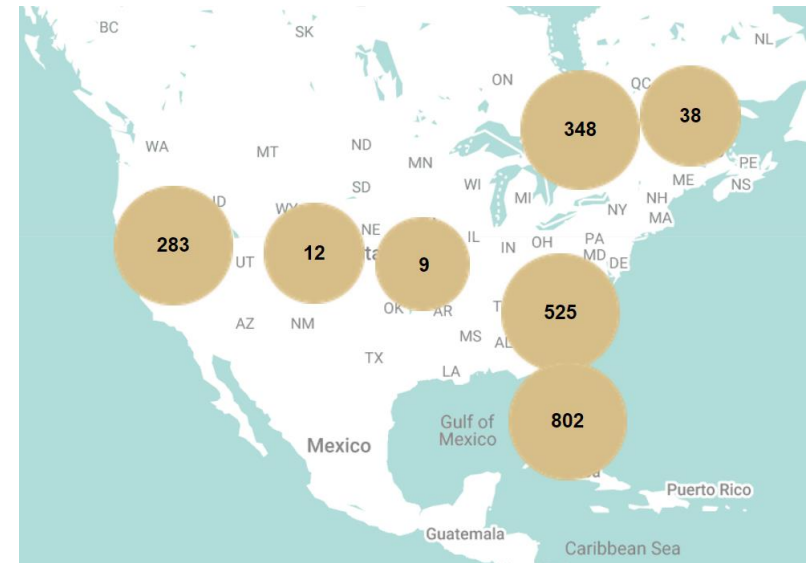


**Important Optimization Activities That Will Stabilize And Improve Performance**

**US price achievement – premium fish (superior, 3kg+) and average – USD/kg RTF<sup>2</sup>**



**~2,000 locations carrying Bluehouse Salmon<sup>1</sup>**



**Consistently High Price Achievement For Premium Bluehouse Salmon**

<sup>1</sup> Bluehouse Salmon store locator is updated 'live' at [bluehousesalmon.com/where-to-buy/](http://bluehousesalmon.com/where-to-buy/)

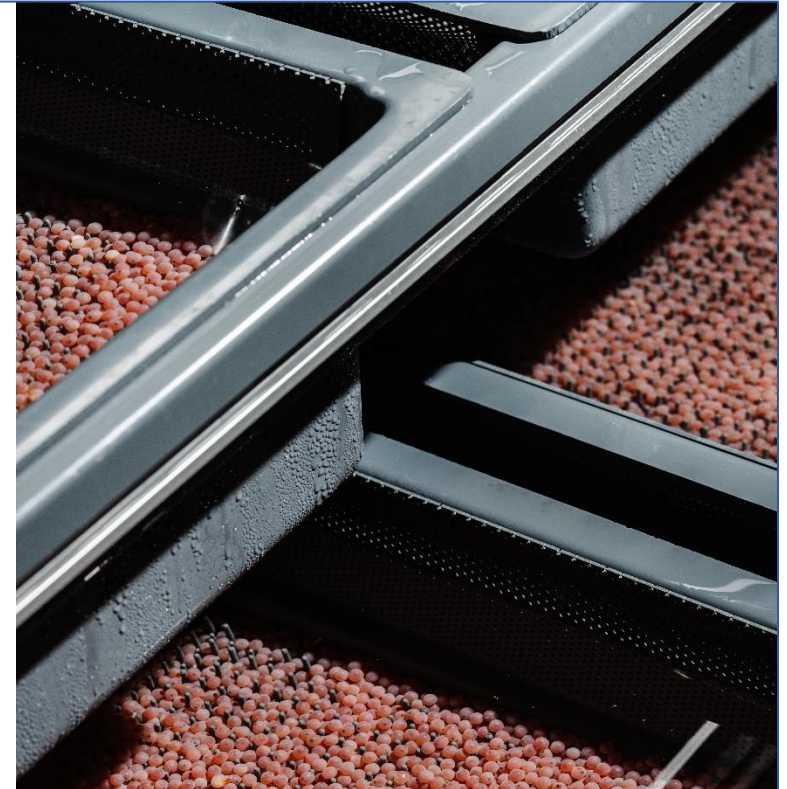
<sup>2</sup> Atlantic Sapphire 'Bluehouse premium' is fresh, superior, 3kg+ salmon on Return To Farm basis (excluding freight costs). Fishpool index price converted to USD using Norges Bank fx rates

## Q3 2022 Balance Sheet<sup>1</sup>

- Cash position: USD53.7m
- Total drawn bank debt as of Sep 30, 2022: USD48.6m
- Operational cash losses expected to decrease gradually from Q3 2022 levels as harvest volumes increase until *Steady State*<sup>2</sup> production and cash flow positive operations are achieved
- Better biological performance across all systems will both increase production volumes and improve product quality, which will lead to higher average price achievement

## Focus on reducing the fixed cost base

- Fixed cost base stable in Q3 2022 vs. H1 2022, expected to drop from Q4 2022
- Q3 2022 “run rate” cost of production excl. depreciation and feed cost was ~USD3.5m per month, SG&A was ~USD1.5m per month
- Q3 2022 feed price: USD2.4/kg (*incl. USD0.3/kg in transportation*)



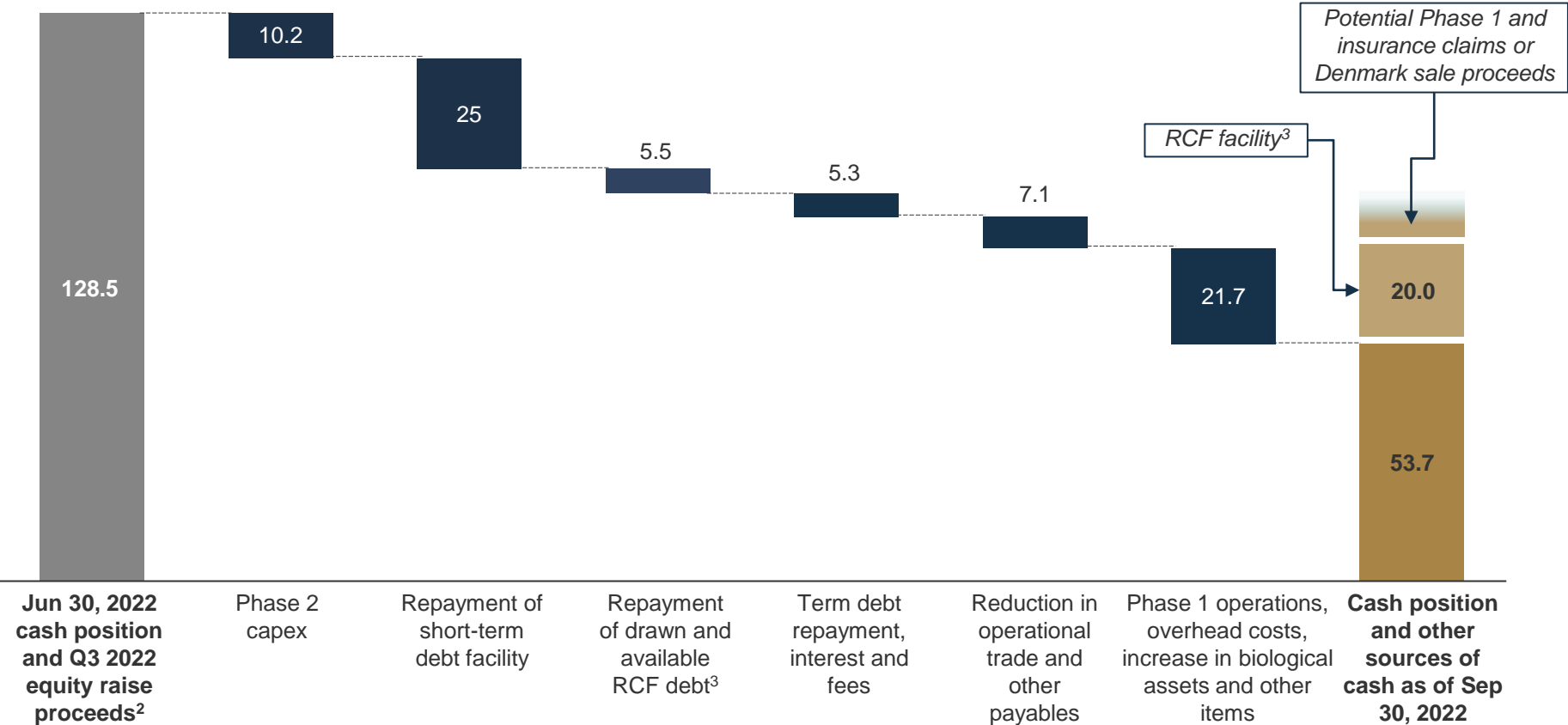
**Clear Path To Reduce The Fixed Cost Base And Achieve Profitability**

<sup>1</sup> Unaudited management financials

<sup>2</sup> Steady state: Full capacity utilization of the Phase 1 facility, when annualized biomass gain and harvest volumes are estimated to ~9,500t HOG

# Financials – Cash Position

June Private Placement to September 30, 2022 cash flow walk (USDm)<sup>1</sup>



1) Unaudited management financials  
 2) Including the net proceeds from the June 28, 2022 Private Placement that were received in July in Tranche 2 and the proceeds from the Subsequent Offering in August 2022  
 3) USD 20m RCF facility: Availability is tied to standing biomass and accounts receivable at the time of drawdown. Currently undrawn to reduce interest rate expenses.



## Phase 2 capex status as of September 30, 2022

- ~\$80m invested, cash conservation in focus
- Maximum \$15m in additional capex planned to be invested before access to the Phase 2 term debt has been achieved
- Inflationary pressure on the phase 2 capex budget
  - Estimate for total phase 2 capex is \$275-300m
- Focus on value engineering and working with contractors to optimize cost and quality for outstanding Phase 2 capex items

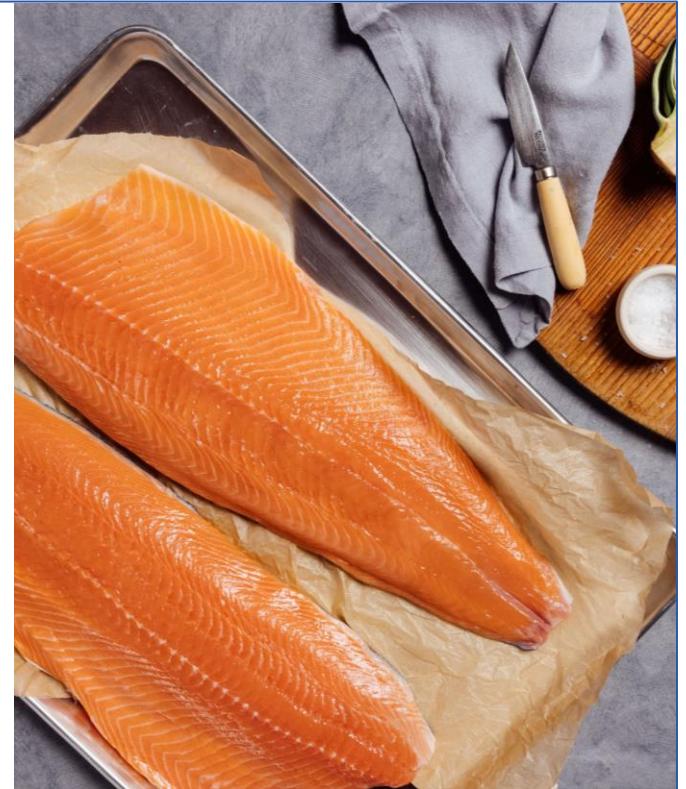
## Estimated project completion

- Working to minimize the impact of construction and global supply chain issues on the timeline (e.g. concrete delivery delays)
- The Company decides when and how funds should be deployed towards Phase 2



**Phase 2 Construction Spending Will Be Kept At A Minimum Until Phase 1 “Break-Even” Is Accomplished**

- **Biological performance:** Good performance in July and August, while September and October was slow due to the operational issues
- **Expected harvest in H2 2022 unchanged (# of fish):** 800,000 – 1,000,000
- **Phase 1 optimization:** Stable temperatures and water quality will improve biological performance
  - *Steady State* production and profitability expected by the end of Q1 2023
- **Phase 2 construction:** Value engineering in focus, expect to spend a maximum of USD15m before the Phase 2 bank debt is fully accessible
- **Offtake:** Additional programs and customers expected as harvest volumes increase, average price achievement expected to increase
- **US salmon market:** We expect a strong spot market for fresh salmon in the US in 2023 – upside on price achievement versus the historical Bluehouse premium



**Focus On Reaching Phase 1 Steady State Production And Profitability**



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