

Lerøy Seafood Group ASA

Q2 2023

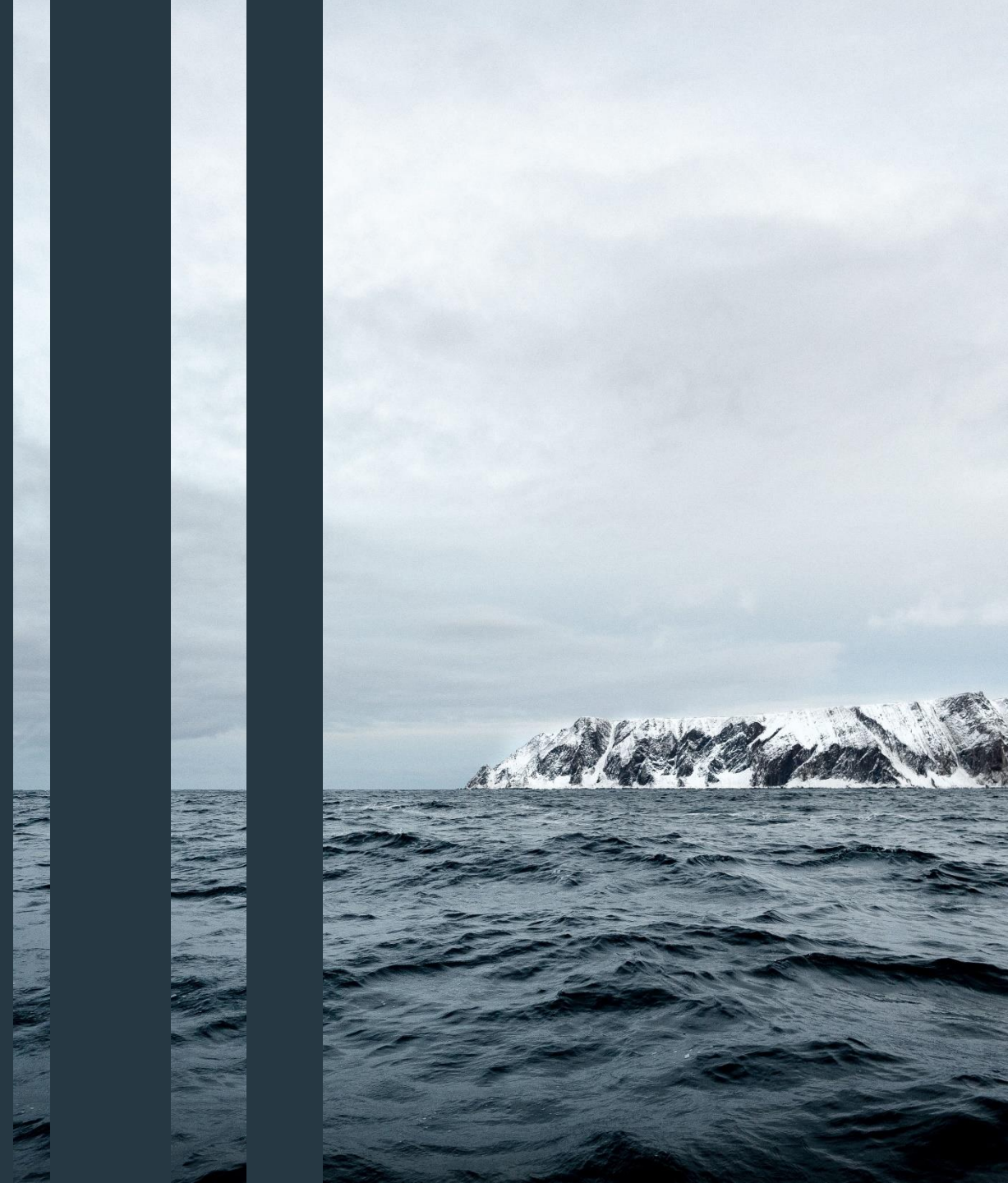
Henning Beltestad

CEO

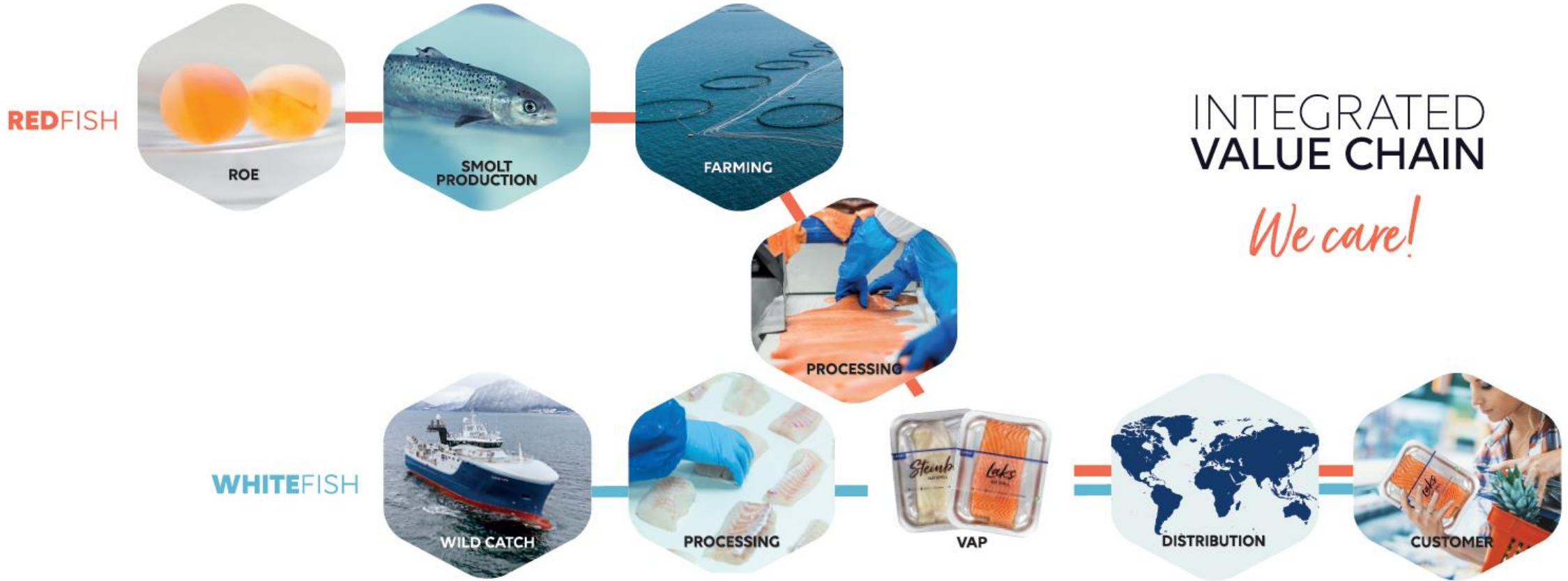
Sjur Malm

CFO

23 August 2023



Creating the world's most efficient and sustainable value chain for seafood



Targets for 2025 and beyond

LSG

>50

bn NOK in revenue by 2030

LSG

46%

reduction in total GHG
emissions by 2030
(baseline 2019)

Farming & VAP, S&D

#1

EBIT/kg for farming and
VAP S&D by 2025

Wild Catch

500

mill NOK in EBIT for Wild
catch by 2025

VAP, S&D

1.25

bn NOK in EBIT for
VAP S&D by 2025

Farming

205,000

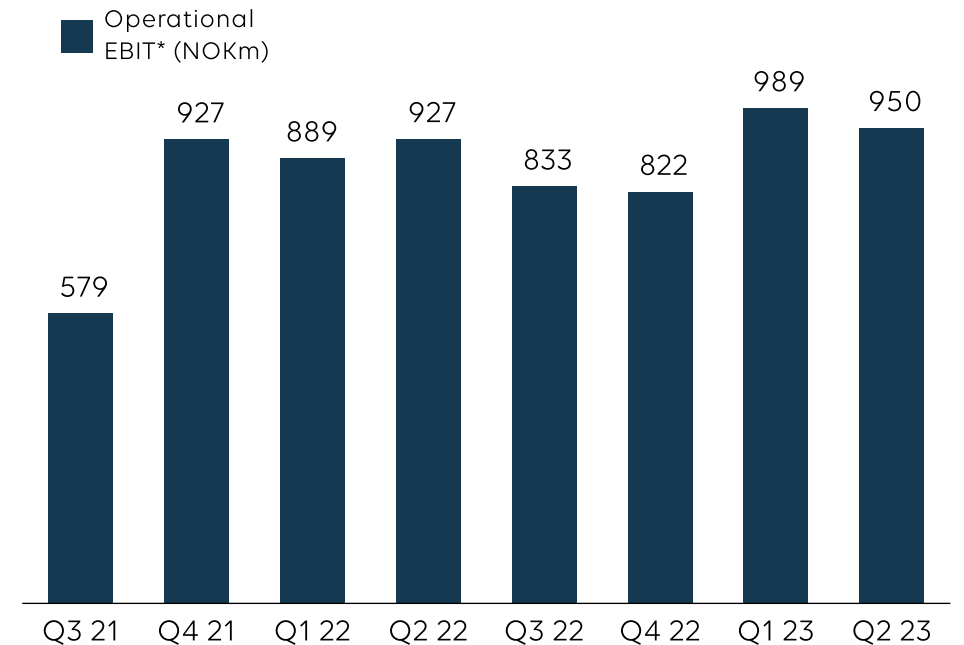
tonnes harvested in 2025
(Norway)



Highlights of the quarter

- Record revenue and healthy earnings
- Operational EBIT of NOK 28,7/kg (all inclusive) vs. 25,2/kg in Q2/22
- Resource tax adopted by Norwegian Storting in May 2023
- Expected harvest volume incl. JC of 181.500, lowered on challenging situation in Lerøy Sjøtroll and Scottish Sea Farms
- Positive development VAP, S&D. Overall beneficial demand for seafood
- Given lower quota, positive development in Wild catch

Operational EBIT* (NOKm)



*In order to make EBIT more comparable with peers, Lerøy has decided to report Operational EBIT starting from Q1 23. In Operational EBIT the production fee is re-classified as a non-operational item. Operational EBIT is measured before fair value adjustments related to biological assets. A bridge between Operational EBIT and EBIT is provided in the Q2 23 report, note 2. In Q2 22, Operational EBIT excludes settlement costs.

SEGMENTS

FARMING



WILD CATCH



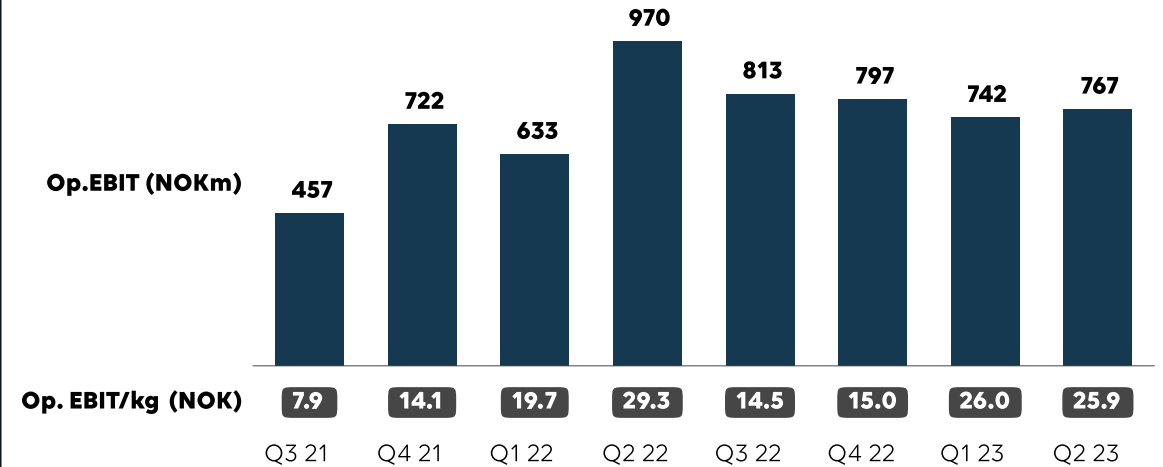
VAP, SALES AND DISTRIBUTION



Farming highlights this quarter

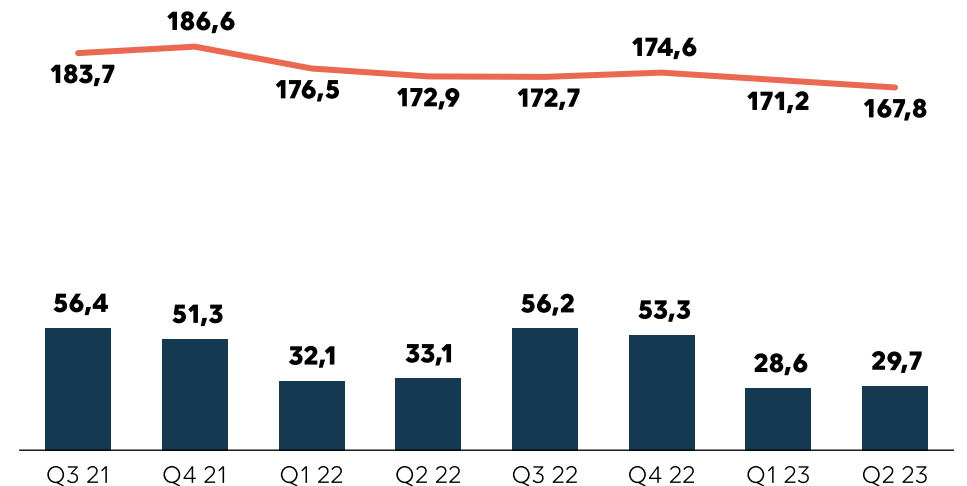
- Strong biological development in Lerøy Aurora and Lerøy Midt, while challenging in Lerøy Sjøtroll
- Operational EBIT/kg in farming of NOK 25.9/kg Q2/23 compared to NOK 29.3/kg in Q2/22
- Development H2/22 impacts through low harvest volume and low average harvest weights. Contract share of 17 % in the quarter
- Significant cost increase y-o-y, with higher feed cost as key driver. However, weaker NOK impacts "all" cost elements negatively

Operational EBIT Farming



Harvest volume (1,000 GWT)

■ Harvest volume salmon&trout, quarterly — Harvest volume 12 months rolling

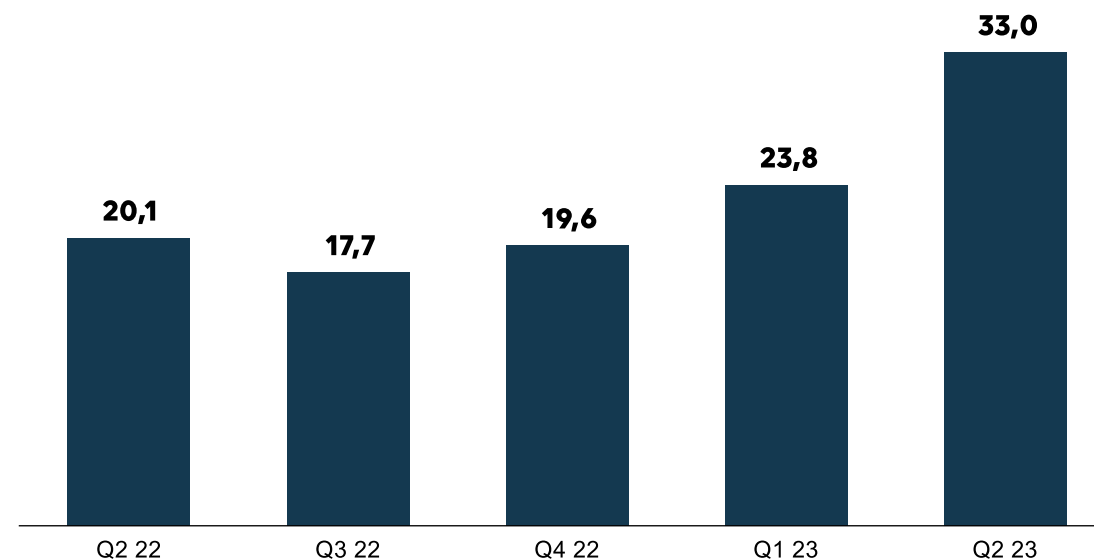


Lerøy Aurora

- Strong improvement in biological performance continues. Quarter impacted by harvesting of relatively low volume with low harvest weight
- With higher volumes in H2/23, a significant cost decline per kilo is expected in coming quarters
- Well underway in implementing LerøyWay. Positive impact seen
- Expect harvest volume of 47,000 GWT in 2023

Lerøy Aurora	Q2 2023	Q2 2022	YTD 2023	YTD 2022
Revenue (NOKm)	795	351	1 311	718
Operational EBIT (NOKm)	274	89	410	183
Harvested volume (GWT)	8 299	4 422	13 997	9 309
Harvest weight (avg. in kg)	3,9	3,8	3,8	3,7

Operational EBIT pr kg (in NOK)

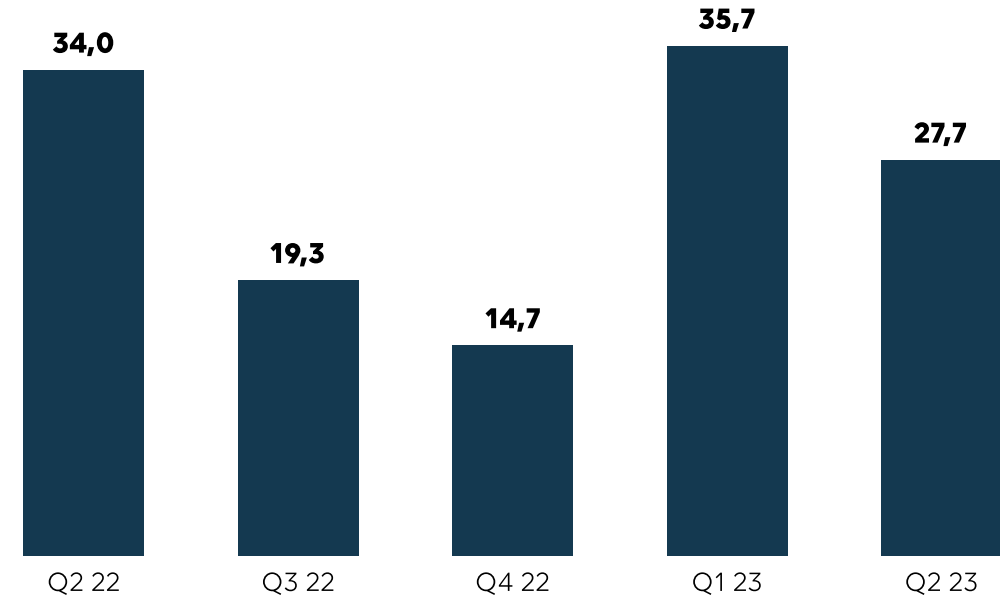


Lerøy Midt

- Strong biological performance. Significant biomass build in quarter
- Cost increase q-o-q, impacted by challenges H2/22
- With increasing volume in H2/23 a significant fall in cost is expected
- Expect harvest volume of 64,000 GWT in 2023

Lerøy Midt	Q2 2023	Q2 2022	YTD 2023	YTD 2022
Revenue (NOKm)	960	1 210	1 821	2 055
Operational EBIT (NOKm)	276	480	276	771
Harvested volume (GWT)	9 965	14 131	18 632	25 898
Harvest weight (avg. in kg)	3,9	4,7	4,0	4,7

Operational EBIT pr kg (in NOK)

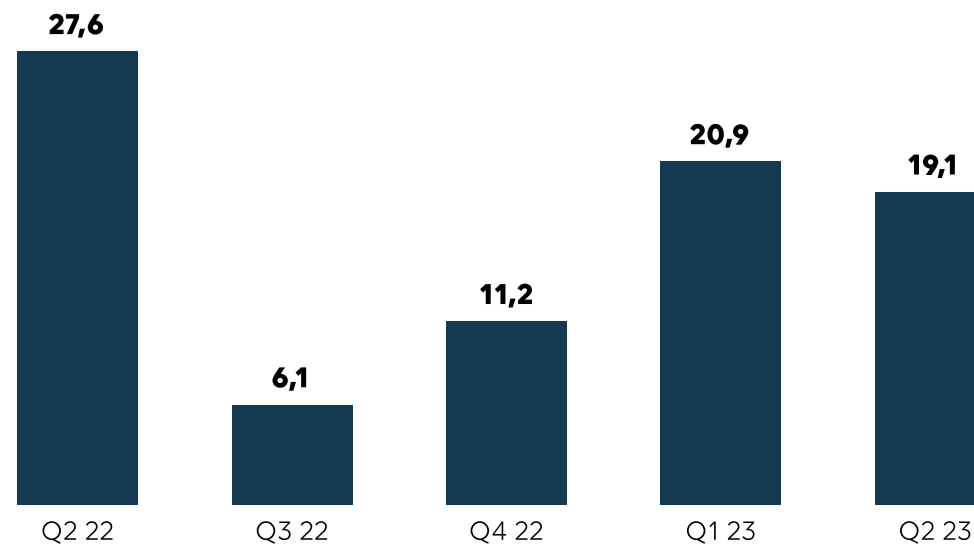


Lerøy Sjøtroll

- Positive development for trout while challenging for salmon
- In Q3, two sites confirmed with ISA. Forced harvest with low average weights will have significant impact on cost and price realisation in Q3/23, and harvest volume in 2023. Best estimate today is a negative result impact of around NOK 200m
- Improved sea lice situation following a number of initiatives. Potential for higher net growth H2/23 vs H2/22
- Expect harvest volume of 57,000 GWT in 2023, strongly influenced by ISA outbreaks

Lerøy Sjøtroll	Q2 2023	Q2 2022	YTD 2023	YTD 2022
Revenue	1 083	1 194	2 336	2 250
Operational EBIT (NOKm)	217	401	515	649
Harvested volume (GWT)	11 395	14 530	25 632	29 933
Harvest weight (avg. in kg)	4,0	4,2	3,8	4,1

Operational EBIT pr kg (in NOK)

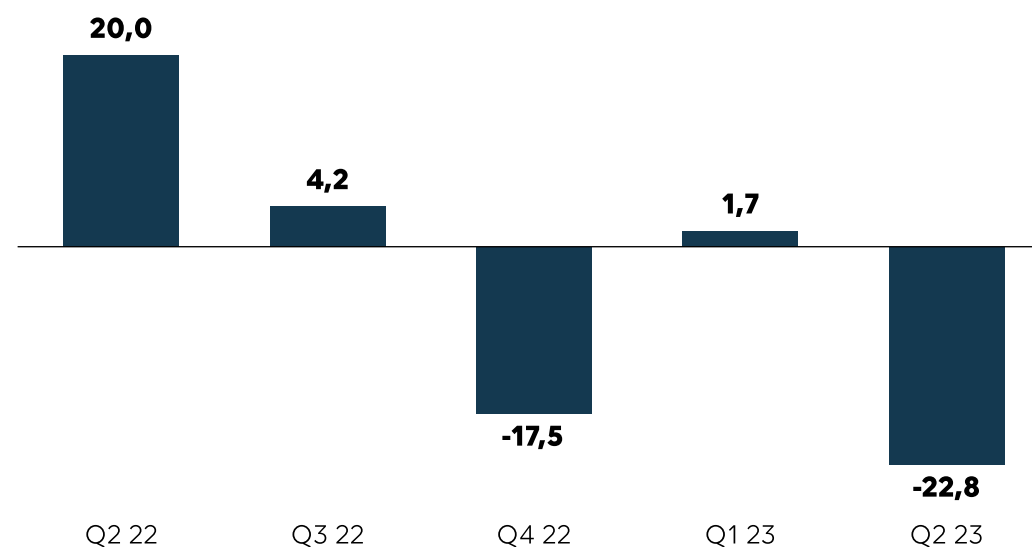


Norskott Havbruk (50% owned)

- Low harvest volumes, harvesting from biologically challenged sites affecting average harvest size, cost and price achievement
- High cost base affected by sites with challenges in H2/22 and continued in 2023
- Incident based mortality in the quarter of £13.2m or £ 2.09/kg
- 60% of volume sold on contracts
- Q3 still biological challenges but improvements in fish size and cost base. Guidance for 2023 revised to 27,000 GWT

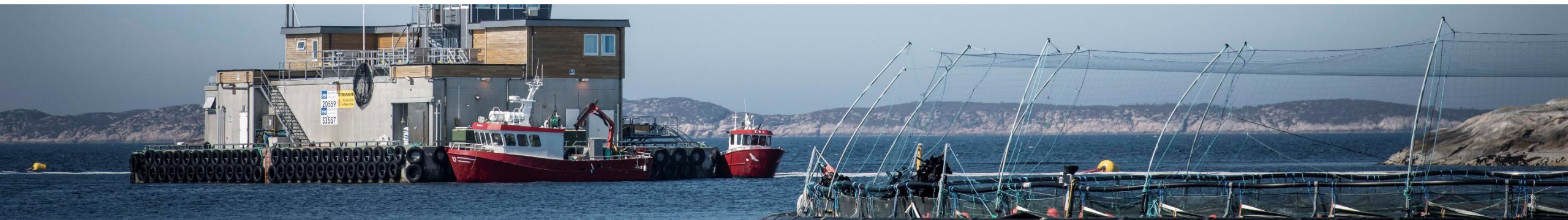
100% basis, in NOKm	Q2 2023	Q2 2022	YTD 2023	YTD 2022
Revenues	692	884	1 197	1 523
Operational EBIT	-144	190	-135	295
Harvested volume (GWT)	6 325	9 489	11 495	17 329
Operational EBIT/kg	-22,8	20,0	-11,8	17,0
NIBD	2 647	2 067	2 647	2 067

Operational EBIT pr kg (in NOK)



Farming volumes (1000' GWT)

Farming volumes	2019	2020	2021	2022	2023E	2024T	2025T
Lerøy Aurora AS	32,8	35,0	44,0	40,1	47,0	48,0	50,0
Lerøy Midt AS	64,8	67,9	72,6	68,8	64,0	75,0	80,0
Lerøy Sjøtroll	60,6	68,0	70,0	65,7	57,0	72,0	75,0
Total Norway	158,2	170,9	186,6	174,6	168,0	195,0	205,0
Scottish Seafarms (Lerøy's 50% share)	12,9	12,0	16,2	19,0	13,5		
Total	171,1	182,9	202,8	193,6	181,5		

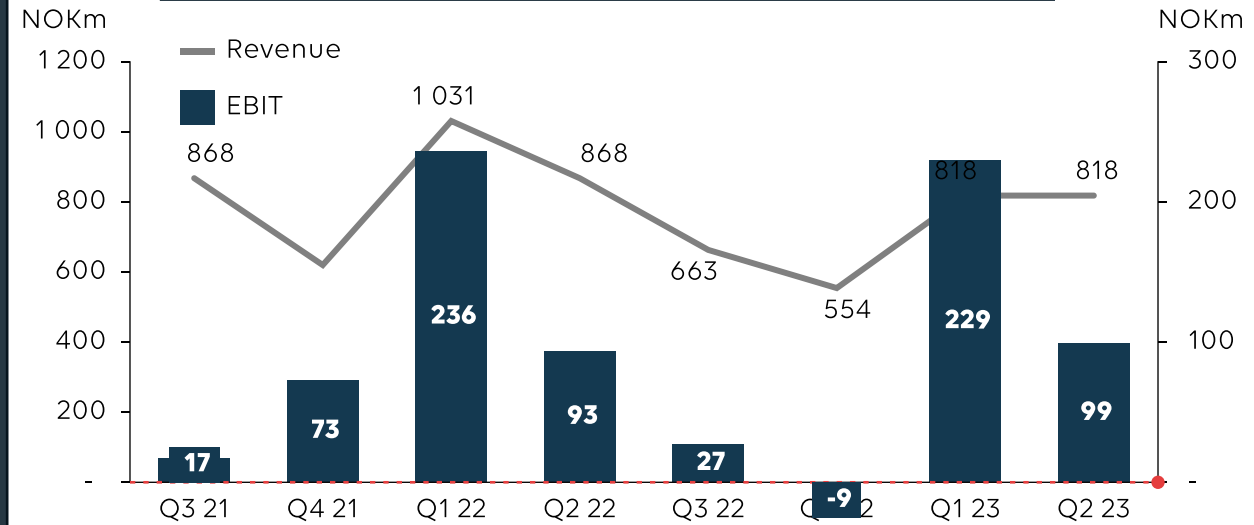


Wild catch highlights this quarter

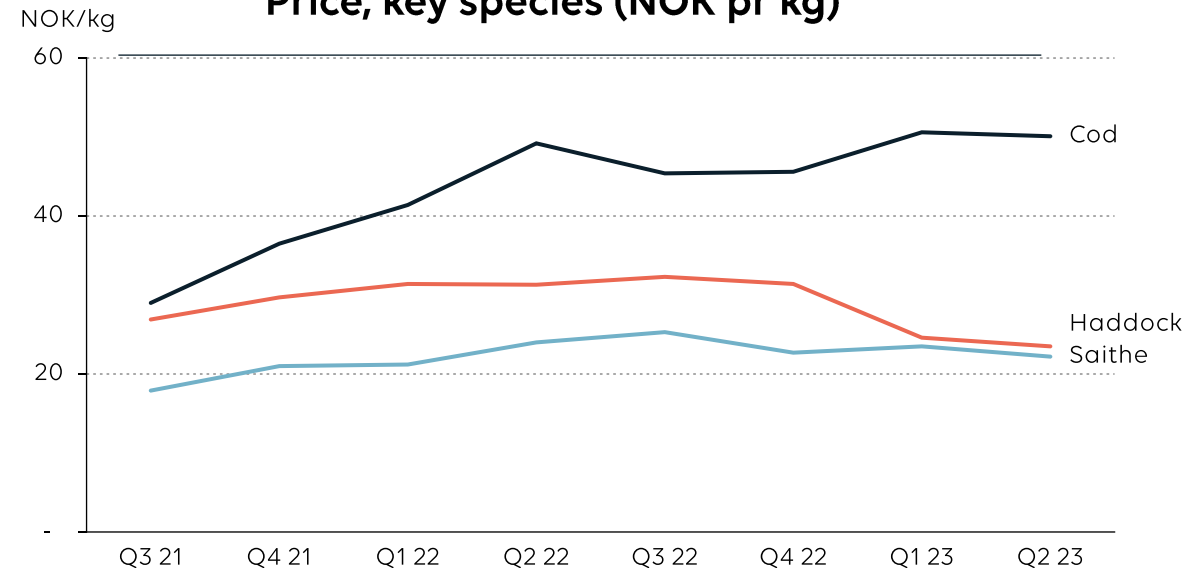
- On basis of lower cod quota, a strong development in the quarter with catches of alternative species. High volume, on lower prices
- Seeing impact from implementing Lerøy Way in landbased industry. Y-o-y improvement in overall profitability is from improvement in landbased industry
- Lower fuel consumption from using fleeting trawl for more species

* Equal to reported EBIT

Revenue and Operational EBIT* wild catch



Price, key species (NOK pr kg)



Wild catch quotas and catch volumes (GWT 1,000)

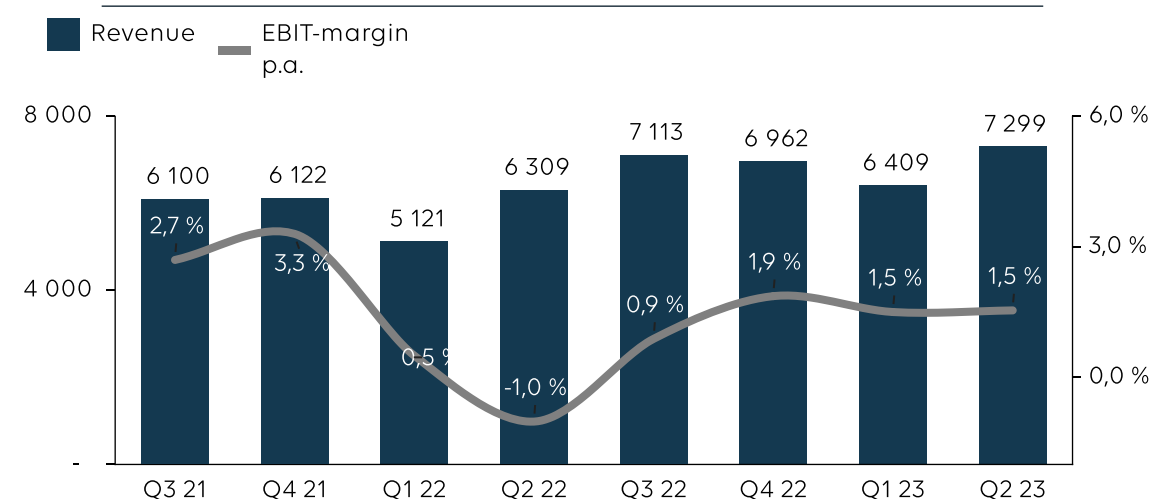
Catch volumes wild catch	Q2-23	Q2-22	2023	2022	Remaining quota 2023	Remaining quota 2022
Cod	3,1	3,8	11,1	13,9	8,7	10,1
Saithe	2,1	3,9	7,8	7,4	11,4	8,8
Haddock	2,3	1,3	9,6	8,8	1,1	1,1
Shrimps	4,6	6,2	4,6	6,2		
Other	11,6	3,4	16,0	7,5		
Total	23,7	18,6	49,0	43,8	21,1	20,0



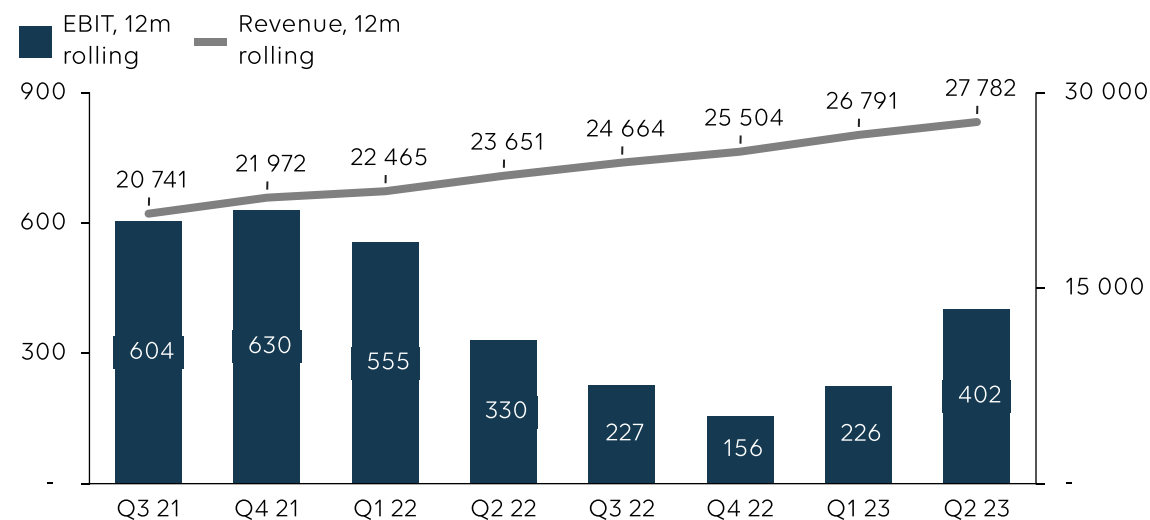
VAP, S&D highlights this quarter

- Record revenue, on basis of higher prices
- Significant improvement in profitability y-o-y with operational EBIT of MNOK 113 compared to MNOK -64 in Q2/22
- While market demand measured in value remains healthy, the higher prices are seen in lower volume and capacity utilisation
- With seasonality in salmon volume, expectations are for improved capacity utilisation and profitability in H2/23

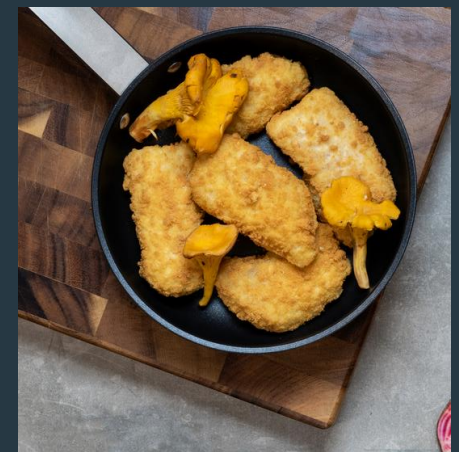
Revenue and EBIT VAP, S&D (NOKm)



Revenue and EBIT VAP, S&D (NOKm), 12m rolling



Our sales and processing operations now span 14 countries



Agenda

1. Highlights
2. **Key financial highlights**
3. Outlook

Profit and Loss statement

(NOKm)	Q2 2023	Q2 2022	▲%
Revenue and other income	7 671	6 566	17%
Operational EBITDA**	1 307	1 249	5%
Depreciation & amortisation	396	322	
Operational EBIT**	950	927	2%
EPS (NOK)*	-2,11	0,83	-354%
Salmon and trout harvest volume (GWT)	29 659	33 083	-10%
Operational EBIT** all incl. excl. Wildcatch/kg	28,7	25,2	
Whitefish catch volume (tonnes)	23 709	18 649	27%
Operational EBIT/kg Wildcatch	4,2	5,0	
ROCE* (%)	13,7%	13,9%	

Highlights this quarter

- Record revenue and healthy profitability
- Implementation effect of Resource tax of NOK 1,7bn. EPS* excluding this effect NOK 0,77
- Estimate of Resource tax on running profitability not included as it requires more work to give a validated estimate (see note 10 in report)

*Excluding: Fair value adjustments related to biological assets

**Operational EBIT: Excludes Fair value adjustments related to biological assets and production fees (essentially a tax item), in line with market practice.

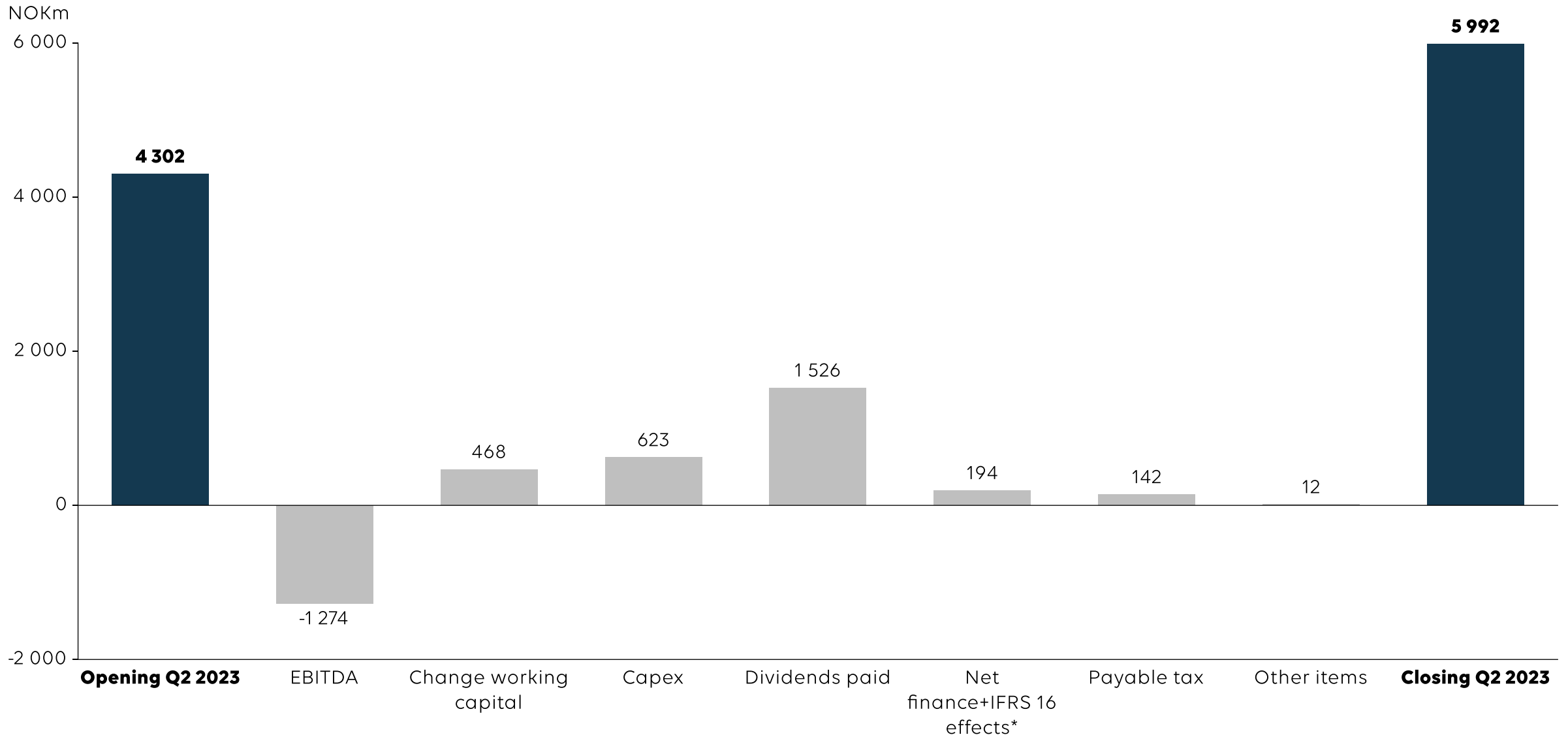
Balance sheet

(NOKm)	30.06.2023	30.06.2022	▲
Intangible assets	8 762	8 710	52
Right-of-use-assets	2 874	2 843	31
Tangible fixed assets	7 980	7 379	601
Financial non-current assets	1 635	1 738	-103
Total non-current assets	21 250	20 670	580
Biological assets at cost	5 734	5 044	690
Fair value adjustment of biomass	3 052	3 200	-148
Other inventory	2 287	1 472	815
Account receivables	2 987	2 536	451
Other receivables	988	781	207
Cash and cash equivalents	3 826	2 975	851
Total current assets	18 874	16 008	2 865
Total assets	40 124	36 679	3 446

Highlights this quarter

- Inflationary trends gives significant lift in working capital items
- Strong balance sheet
- Issuer credit rating BBB+
- NIBD of NOK 5,992m
- Equity ratio of 49%, reduced with implementation effect of resource tax

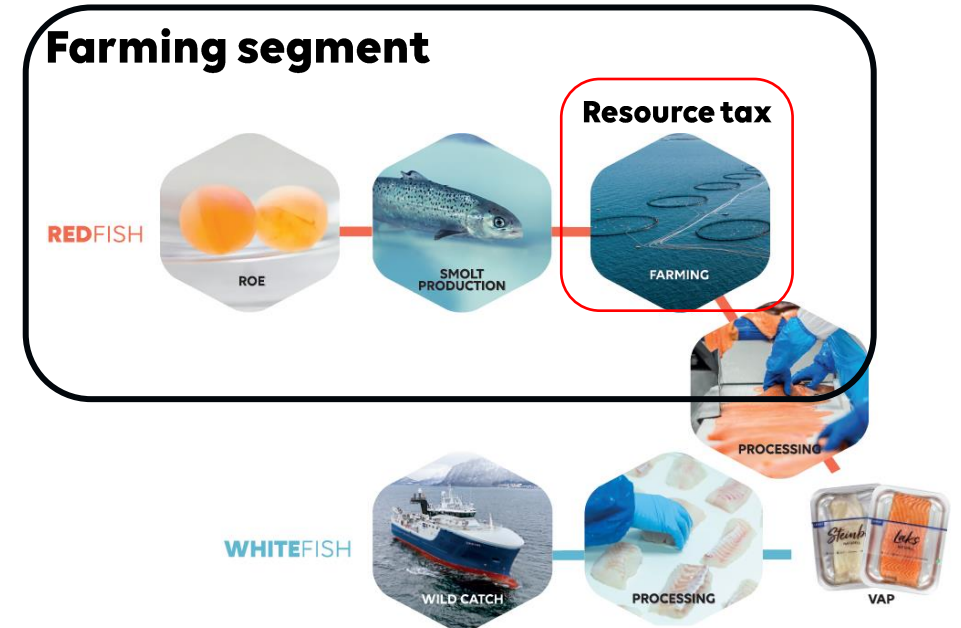
Change in net interest-bearing debt this quarter



*Includes instalments on lease liabilities to others than credit institutions (IFRS 16)

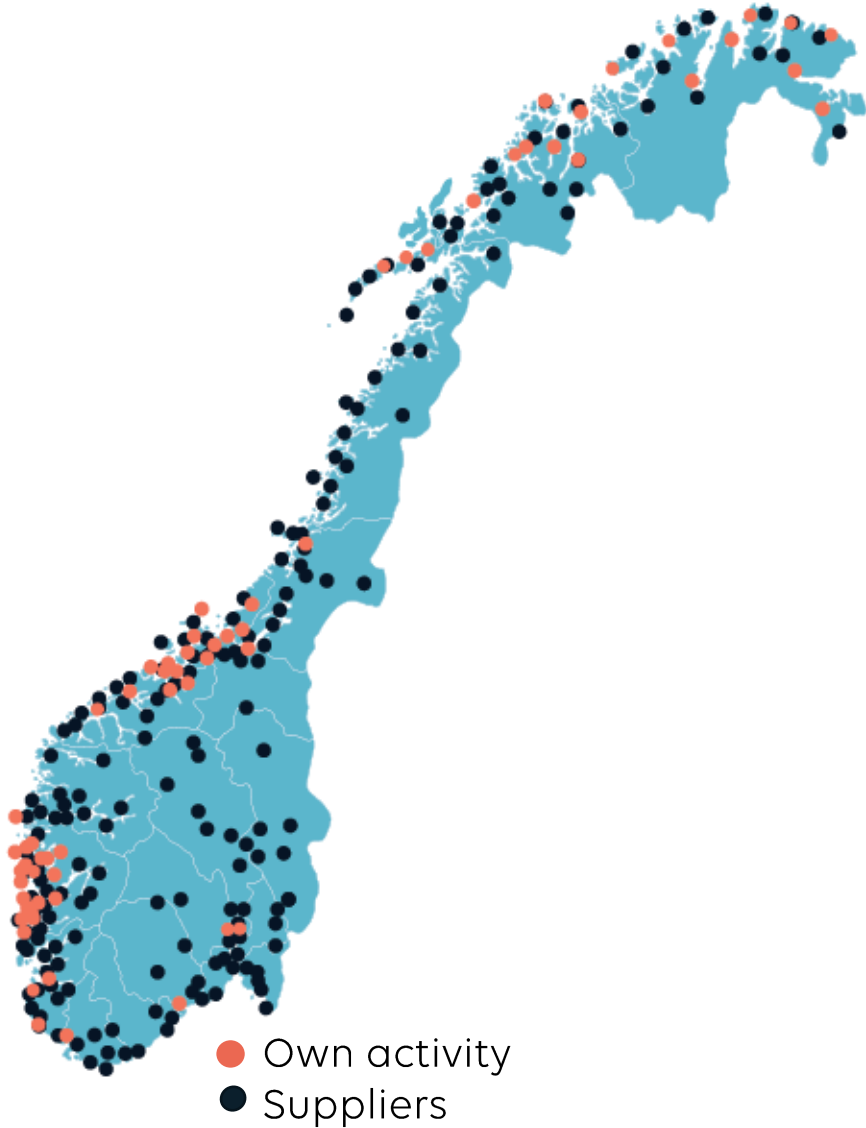
Resource tax proposal

- Adopted by the Norwegian Storting 31 May 2023
- The proposal is to increase tax rate in the “sea phase” by 25%, a part of the process of making a salmon
- Efficient tax rate dependent on share of profit and investments in the “sea phase”, thus is it not possible to make comments on fixed future tax rate in the Farming segment.
- The resource tax will reduce operating cashflow post tax and have very limited investment incentives. This will impact the development of the Norwegian industry





Significant positive impact



3 600 employees
in
60 municipalities


5 million daily meals

Around NOK 2,0 bn in taxes
and fees

NOK 19 bn of purchased goods
5 100 suppliers
in
300 municipalities

Lerøy is on track towards targets set in the Paris agreement

- In PwC annual review of Norwegian companies, Lerøy is said to be one of only nine large companies on track to reach Paris agreement
- This is the second year Lerøy is on this exclusive list
- Lerøy is also, by Collier Fairr, voted top three of world's most sustainable producers of protein
- While Lerøy and the industry has potential and will improve, the starting point is excellent. The Norwegian farming industry has the potential to part of the global green shift, but it requires politicians understand the potential and the challenges



Agenda

1. Highlights
2. Key financial highlights
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Atlantic Salmon - Supply

in tons WFE

Year	2018		2019		2020		2021		2022		2023		2024	
Region	Volume	Change	Volume	Change	Volume	Change	Volume	Change	Volume	Change	Volume	Change	Volume	Change
Europe	1 505 100	0,7 %	1 650 500	9,7 %	1 675 900	1,5 %	1 895 500	13,1 %	1 839 100	-3,0 %	1 865 800	1,5 %	1 969 700	5,6 %
Norway	1 253 400	3,8 %	1 333 400	6,4 %	1 370 000	2,7 %	1 533 400	11,9 %	1 517 100	-1,1 %	1 536 200	1,3 %	1 606 300	4,6 %
United Kingdom	152 100	-14,2 %	190 500	25,2 %	178 300	-6,4 %	199 200	11,7 %	160 800	-19,3 %	172 900	7,5 %	183 700	6,2 %
Faroe Islands	71 700	-10,7 %	86 600	20,8 %	80 600	-6,9 %	105 500	30,9 %	99 600	-5,6 %	99 800	0,2 %	111 500	11,7 %
Iceland	13 600	17,2 %	24 500	80,1 %	31 200	27,3 %	41 500	33,0 %	42 900	3,4 %	40 400	-5,8 %	51 700	28,0 %
Ireland	14 300	-15,9 %	15 500	8,4 %	15 800	1,9 %	15 900	0,6 %	18 700	17,6 %	16 500	-11,8 %	16 500	0,0 %
Americas	897 700	12,4 %	927 600	3,3 %	1 036 430	11,7 %	1 000 700	-3,4 %	1 022 800	2,2 %	1 013 100	-0,9 %	1 031 100	1,8 %
Chile	660 100	17,0 %	690 300	4,6 %	778 500	12,8 %	718 300	-7,7 %	753 300	4,9 %	750 100	-0,4 %	746 900	-0,4 %
Canada	146 000	6,6 %	137 500	-5,8 %	136 800	-0,5 %	142 000	3,8 %	131 500	-7,4 %	119 100	-9,4 %	125 000	5,0 %
Australia	62 300	-1,3 %	60 900	-2,2 %	82 800	36,0 %	87 800	6,0 %	88 500	0,8 %	90 000	1,7 %	91 200	1,3 %
Others	10 300	-20,8 %	18 100	75,7 %	18 330	1,3 %	33 600	83,3 %	30 000	-10,7 %	35 000	16,7 %	51 000	45,7 %
USA	19 000	-12,4 %	20 800	9,5 %	20 000	-3,8 %	19 000	-5,0 %	19 500	2,6 %	18 900	-3,1 %	17 000	-10,1 %
Totalt	2 402 800	4,8 %	2 578 100	7,3 %	2 712 330	5,2 %	2 896 200	6,8 %	2 861 900	-1,2 %	2 878 900	0,6 %	3 000 800	4,2 %

Figures as per:
16.08.2023

Source: Kontali



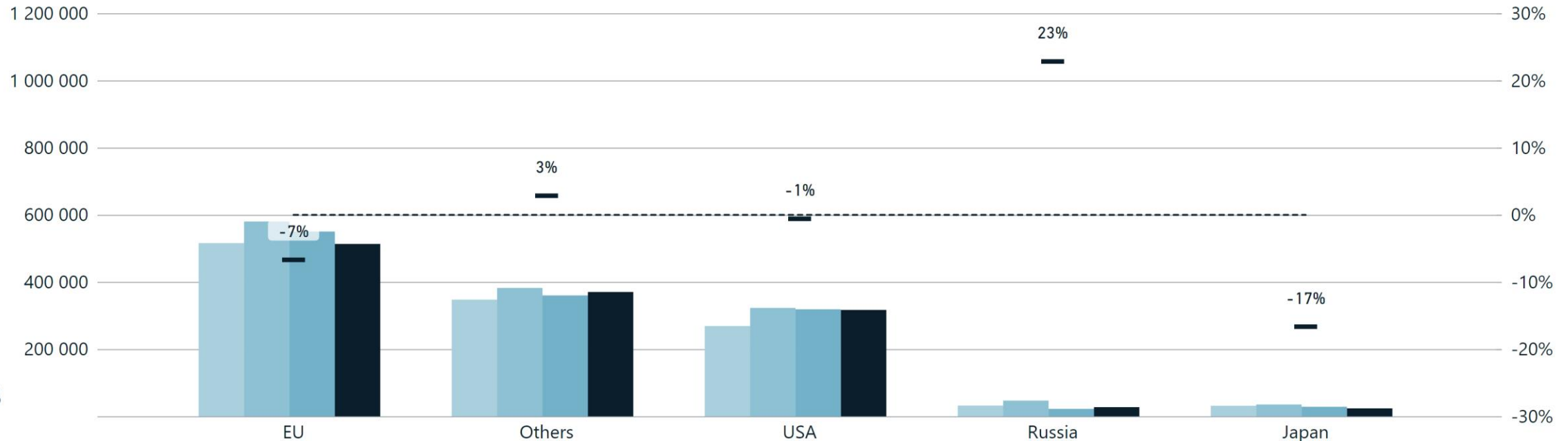
NOK/KG (NSI 3-6):
107.28 14.61% (93.60)

Atlantic Salmon Consumption

YTD - June

Market	2020	2021	2022	2023	Growth	Growth %
EU	515 883	580 138	550 245	513 354	-36,891	-6.7 %
Others	347 482	382 347	360 076	370 320	10,244	2.8 %
USA	268 879	322 845	318 775	316 904	-1,870	-0.6 %
Russia	32 070	46 902	22 318	27 414	5,096	22.8 %
Japan	31 558	35 293	28 507	23 760	-4,747	-16.7 %
Total	1 195 871	1 367 524	1 279 921	1 251 752	-28,169	-2.2 %

● 2020 ● 2021 ● 2022 ● 2023 — Growth --- Zero-line



Figures as per:
16.08.2023

Source: Kontali



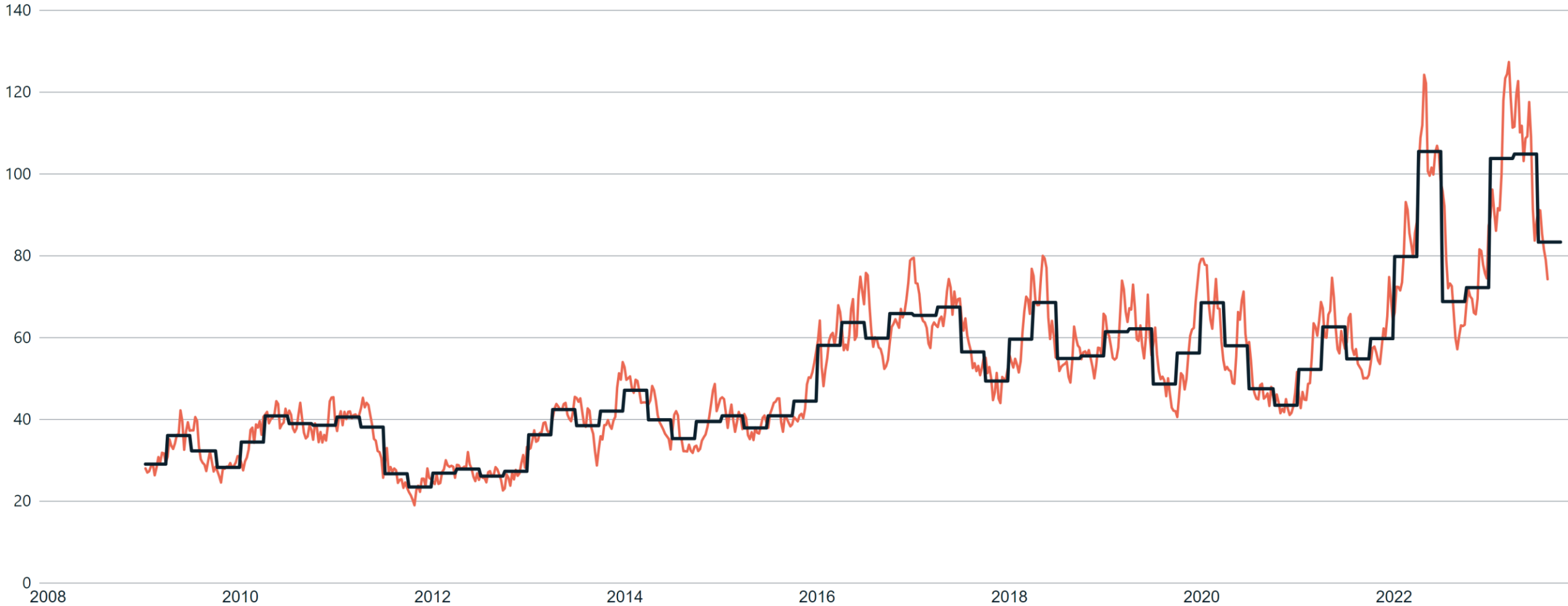
Spot Prices, Fresh Atlantic Salmon

- Cross Section, FCA Oslo, Superior Quality

as of week 32-2023

Quarter	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Q1	29	34	40	27	36	47	41	58	65	60	61	68	52	80	104
Q2	36	41	38	28	42	40	38	64	67	68	62	58	63	105	105
Q3	32	39	27	26	38	35	41	60	56	55	49	47	55	69	83
Q4	28	38	23	27	42	39	44	66	49	55	56	43	60	72	
Total	31	38	32	27	41	40	41	62	59	59	57	53	57	79	99

Weekly Price NSI FCA Oslo — Quarterly Price NSI FCA Oslo



Outlook

Farming

- Proposed "Resource tax" adds uncertainty
- Expect harvest volume incl. share of associated of around 181,500 GWT in 2023. Lower cost expected H2/23 and improvement initiatives will fuel growth in years to come
- Contract share of 15% in H2/23
- In line with communication on CMD 2022 making significant investment in new technology. 20% of stocked salmon in shielded technologies from Q1/24

Wild Catch

- Demand development varies across species
- Positive development in land based industry
- Quota advise for 2024 (ICES)
 - Cod down 20%
 - Haddock down 25%
 - Saithe south up 25%

VAP, S&D

- Expect improved earnings 2023 vs 2022, with further potential in years to come
- Resource tax adds uncertainty and challenges to value added processing activity in particularly Norway
- Weakening demand in some market segments but overall demand for seafood remains strong

A close-up, low-angle shot of a salmon's scales, showing the intricate pattern and texture of the fish's skin. The scales are dark and glistening, with a fine, repeating pattern of small, overlapping scales. The background is a soft, out-of-focus blue, suggesting water.

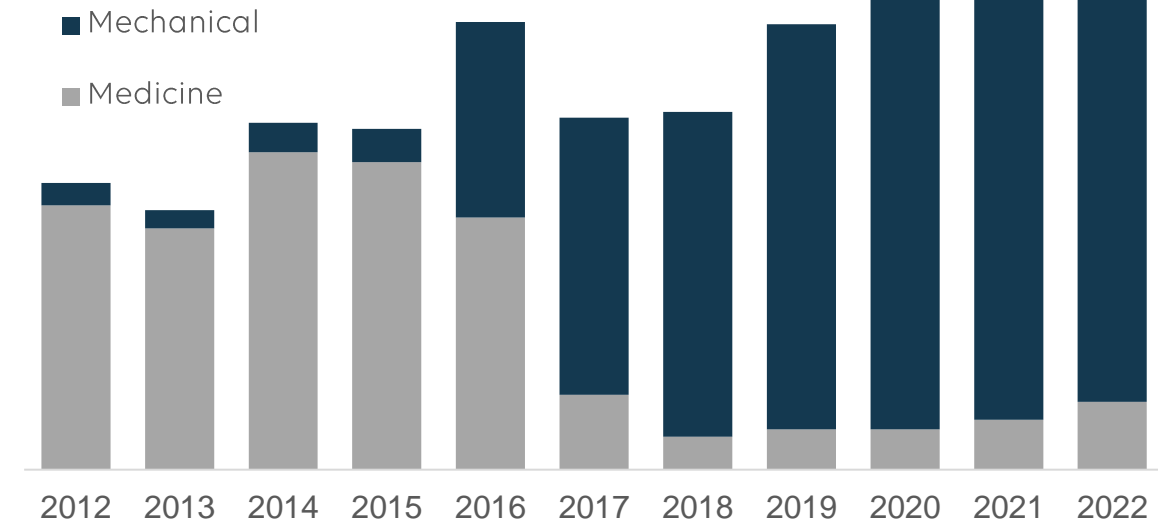
***Green investments –
New technology protecting
the salmon from sea lice***

Expected to further improve fish welfare
and improve profitability

Sea lice is the biggest biological and cost challenge facing Norwegian aquaculture

- The increasing lice pressure is a main challenge
 - Reduces fish welfare
 - Drives up production cost
 - Reduces growth
- Reaching our goals for 2025 requires us to find solutions to reduce the number of lice treatments
- New technologies are now enabling farming at existing sites without lice treatment
- Following four years of testing and development, Lerøy has decided to implement new shielding technology

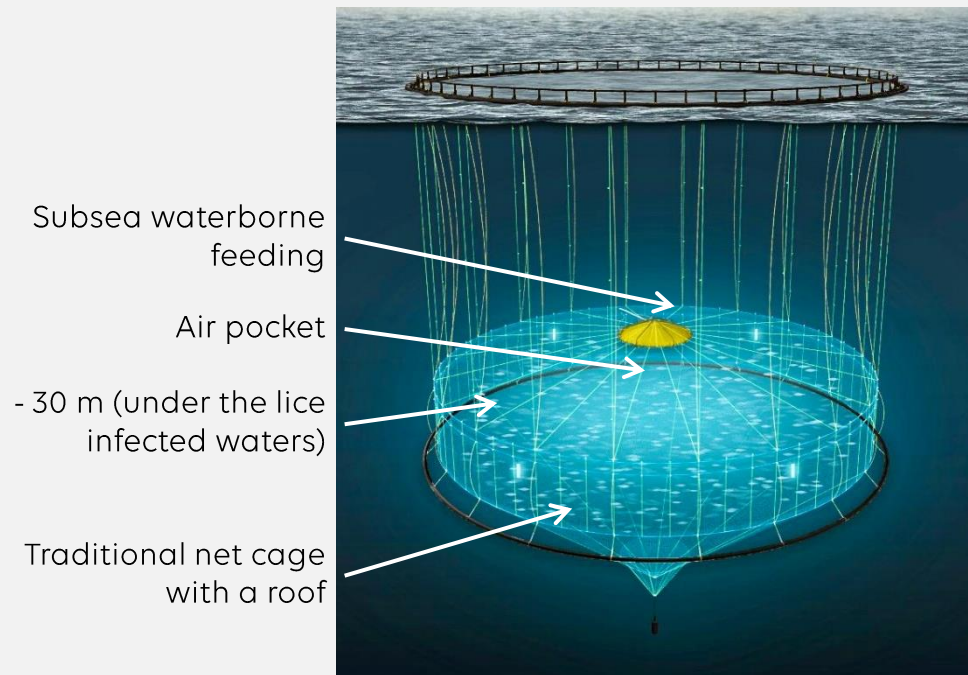
Number of reported lice treatments
(Norway – Barentswatch)



Lerøy is investing in new production technology to protect against sea lice

Submerged cage

Sinking the containment for our exposed and/or deep sites



Semi-closed containment

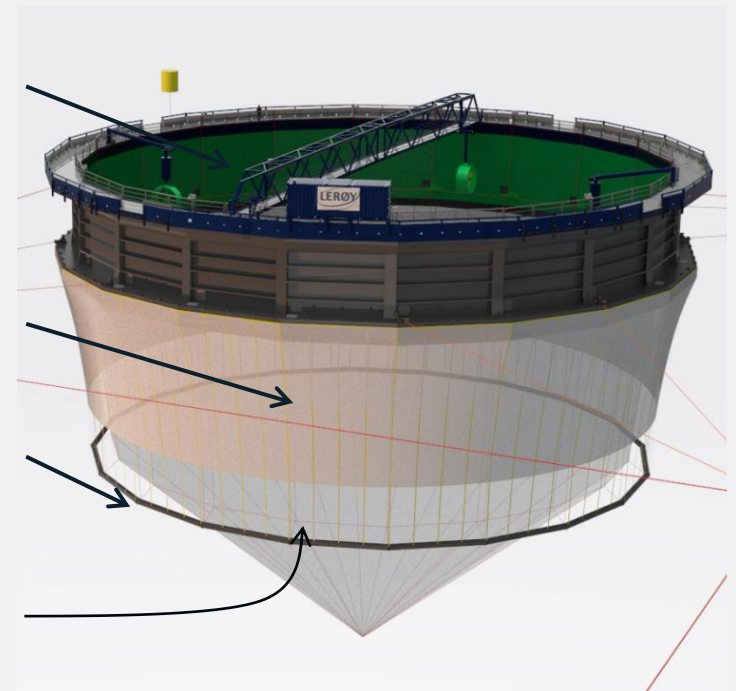
Deep skirt with a water circulation system for our sites with limited waves

Reliable water circulation system ensure good growth conditions

12 – 20 m skirt stopping lice infected waters (steel and/or tarpaulin)

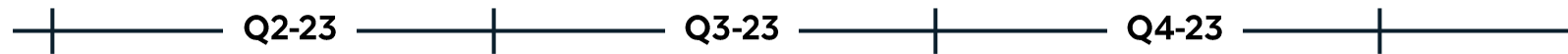
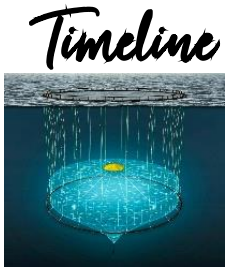
Heavy ring

Intake of clean deepwater



20% of our salmon stock to be protected by Q1 2024

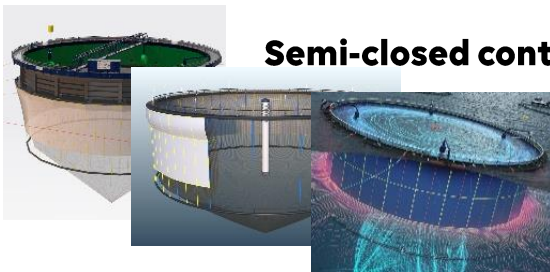
Deployed at selected sites in our regions with higher lice concentration



Submerged cages



51 units
5 sites
7.5 mill. fish



Semi-closed containments

Building of steel cages at a Norwegian yard



13 units
4 sites
2.5 mill. fish

LS Lerøy Sjøtroll
LM Lerøy Midt

Which is expected to contribute towards our strategic targets

Targets for 2025

205.000

Tonnes harvest volume
(Norway)

93%

Superior quality

4,5

Average harvest weight
(GWE)

1,19

Economic feed
conversion rate

-4,6

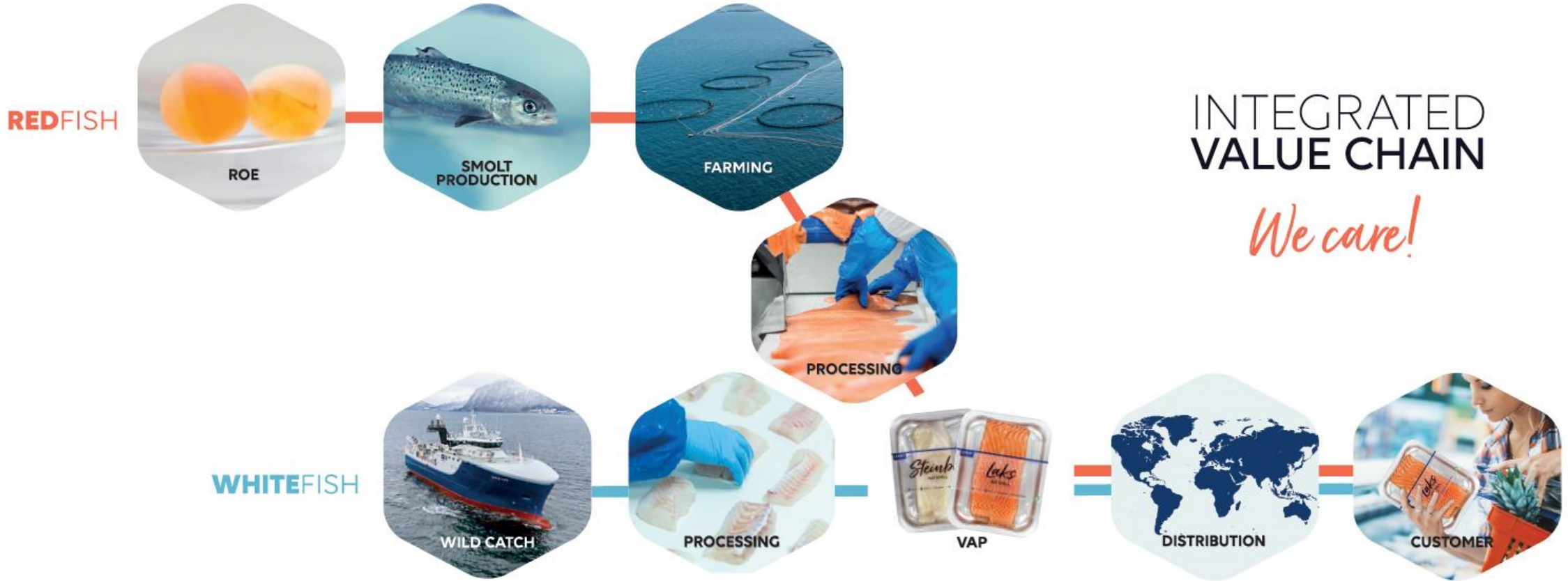
NOK/kg
reduced production cost

Baseline 2021 | Target 2025

Superior quality includes ordinary quality for rainbow trout | Superior quality is based on total harvest volume

Reduced production cost represents a cost reduction from 2021 level, based on 2021 input cost

Creating the world's most efficient and sustainable value chain for seafood



Q & A

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