

Q2 2022 Presentation

Oslo, 12 August 2022

Knut Nesse, CEO

Ronny Meinkøhn, CFO



AKVAGROUP™



Pioneering a better future

AKVAGROUP™

Agenda | Q2 2022

Highlights and Outlook

Knut Nesse, CEO

Financial Performance

Ronny Meinkøhn, CFO

Q&A Session



Highlights | Q2 2022

Operation



- High activity with revenue of MNOK 907 in the quarter
- Profitability significantly impacted by high inflation rates and cost provisions
- Cost saving programs in process and targets will be communicated in Q3 reporting

Innovation and Digital

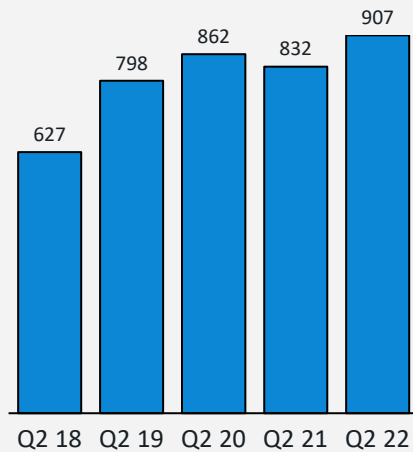


- Solid progression on developing Digital capabilities in line with strategic ambitions
- High focus on further strengthening and commercializing of deep-sea open farming concepts

Key figures | Q2 2022

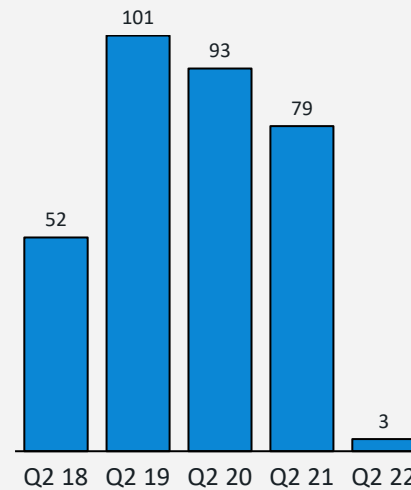
Revenue

907 MNOK



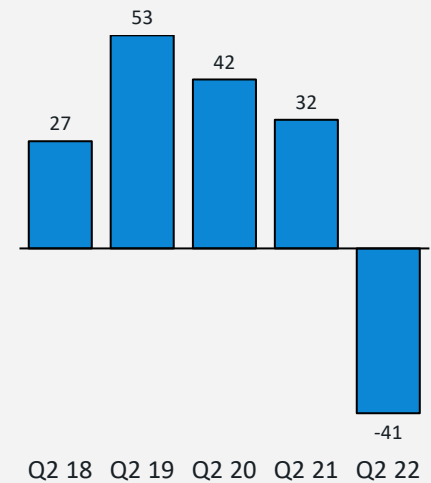
EBITDA

3 MNOK



EBIT

-41 MNOK



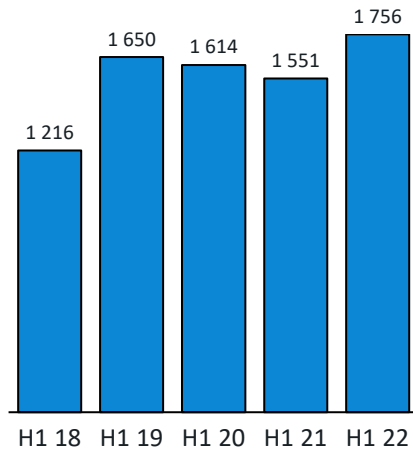
Comments to financial performance in Q2

- The P&L in Q2 22 was significantly impacted by high inflation rates and cost provisions
- High inflation rates and supply chain restrictions worldwide driven by the Russia-Ukraine war with estimated MNOK 37 in additional costs. Continued uncertainty related to supply chain restrictions and cost inflations may impact the profitability for the rest of 2022
- One-time cost provisions of MNOK 31 within the Sea Based segment, primarily related to an ongoing barge project in Canada
- One-time warranty and cost provisions of MNOK 34 related to specific Land Based projects
- In total the P&L in Q2 was hit by MNOK 102 in extraordinary costs

Key figures | H1 2022

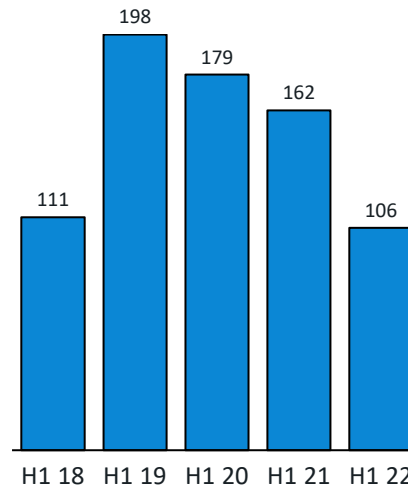
Revenue

1 756 MNOK



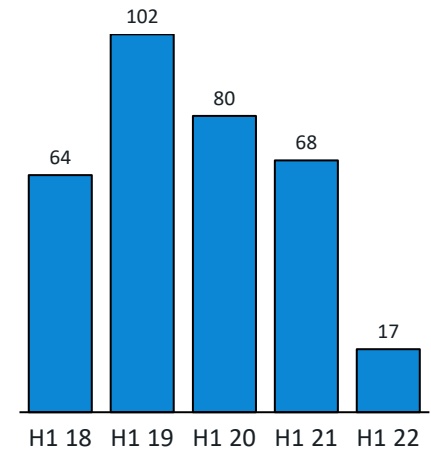
EBITDA

106 MNOK



EBIT

17 MNOK



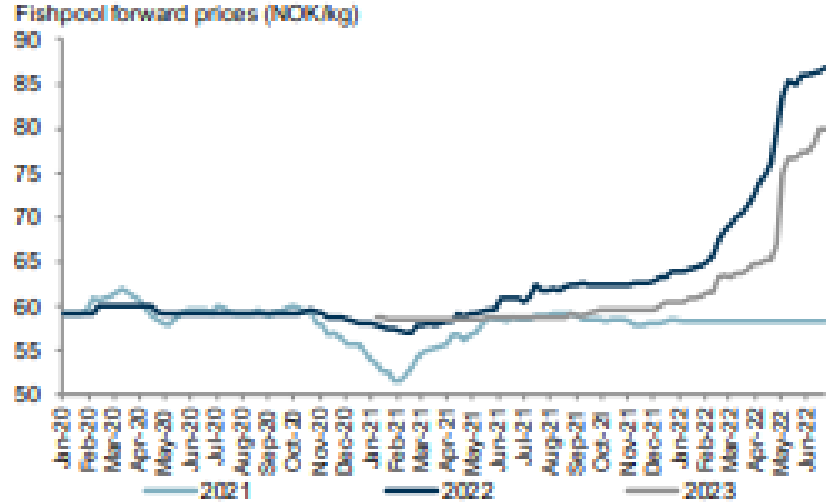
* Note: Costs of 49,7 MNOK related to cyber-attack in Q1 21 are excluded

Market development

Norwegian salmon price NOK/kg
(Weighted average price for fresh Atl. salmon, packed, gutted, superior)

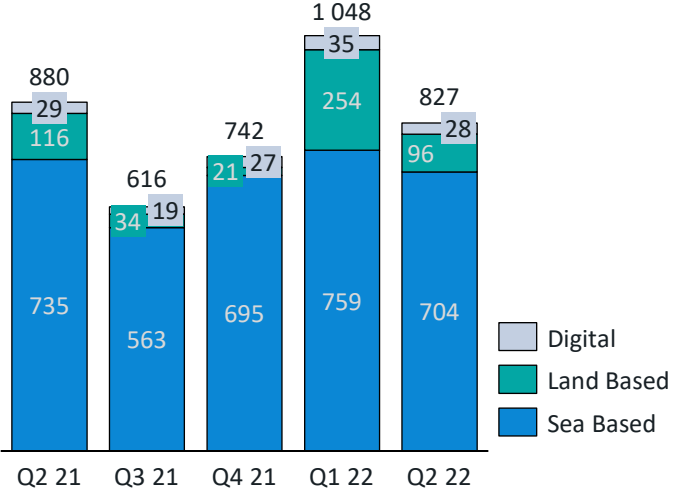


Fishpool forward prices

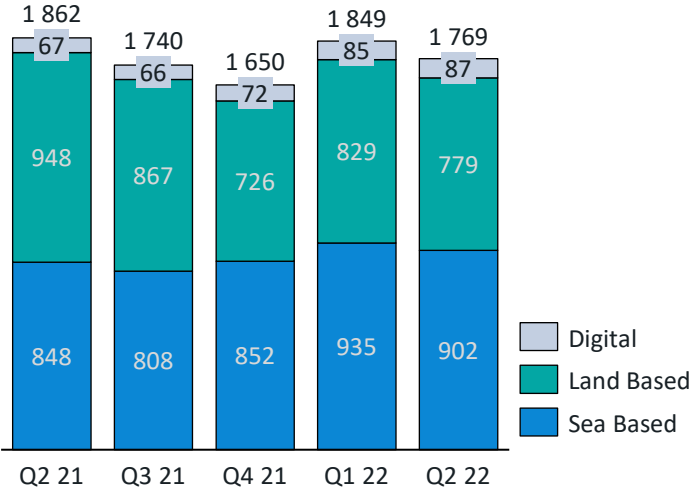


Development order intake and order backlog

Order intake (MNOK)



Order backlog (MNOK)

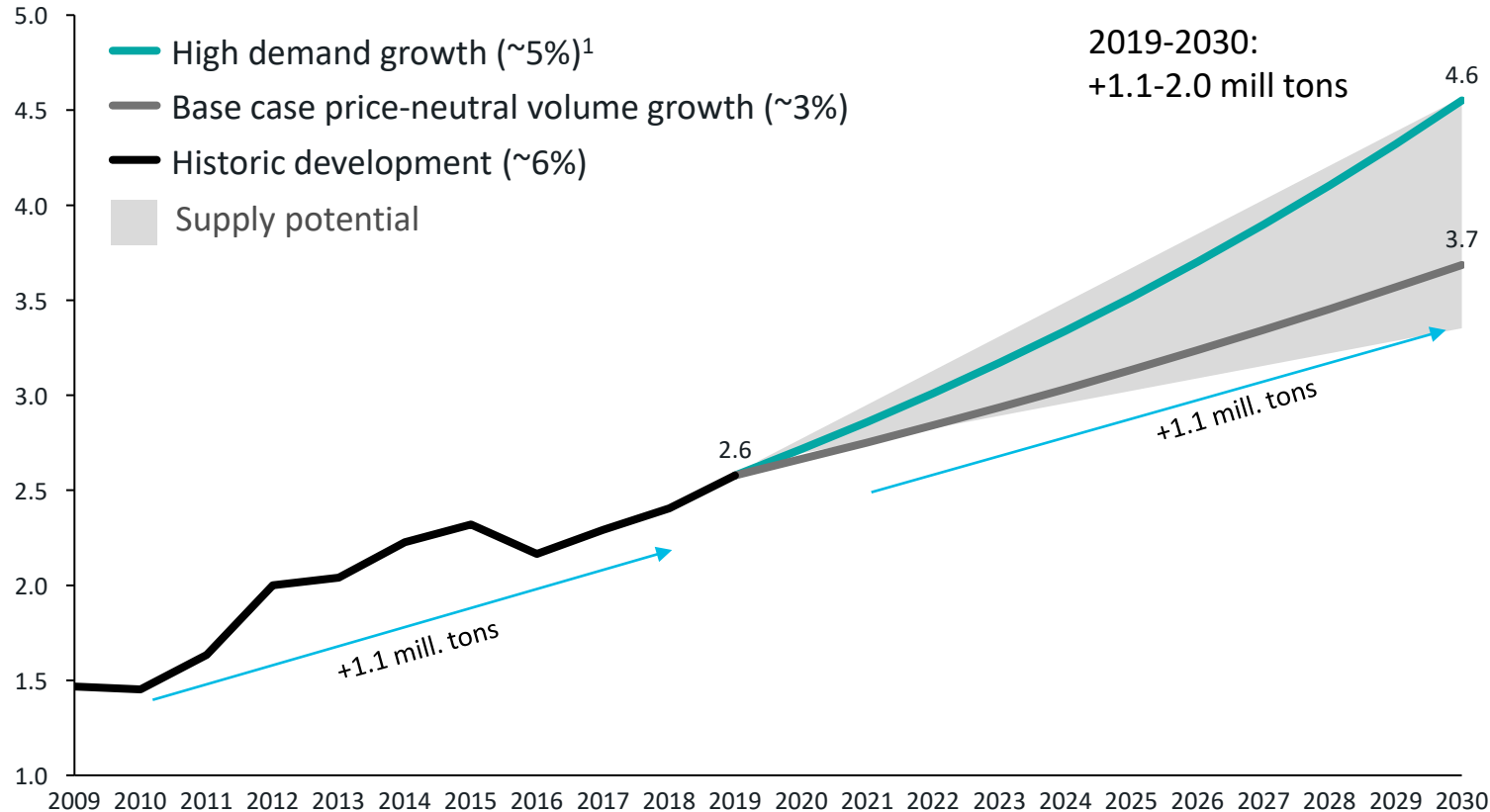


Strategic and Operational Status

Underlying demand growth implies 1–2 million ton volume increase by 2030

Salmon demand has increased by 1.1 mill tons from 2009-2019. “Base case” assumes similar demand growth till 2030

Consumption of salmon WFE in mill. tons



Key demand drivers

-  **Focus on environment and health** increasing demand for more environmentally friendly and healthy sources of protein
-  **Salmon among favored species** for consumption in developed and emerging seafood markets
-  **Distribution to new markets** fueling demand, ~45% of total volume growth 2015-2019
-  **Product developments** (e.g. smoked, marinated, sushi) resulting in salmon gaining market share
-  **Modified Atmosphere Packaging (MAP)** has prolonged shelf life and enabled grocery retailer distribution

Three main segments within land based

Smolt:

100 - 250 g



Post-smolt:

250 - 1000 g



- Smolt production expected to grow with approx. 300,000 tons in the next 10 years

Grow-out:

5000 g



- ~160 BNOK in CAPEX investments needed to reach land-based capacity of 800,000 tons by 2030

Strategy for Land Based Salmon Farming

1

Market leading Zero Water Concept RAS enabling sustainable and cost-effective production

2

Delivering complete scope of fish farming technology (e.g. feeding, fish tanks, fish handling, camera, lights, sensors, control system)

3

Data driven insight and intelligent farming systems enabling consistent and optimized production - "Precision Farming"

4

Production Advisory Services – RAS production competence group helping customers maximizing output and reducing cost

Standard 5,000 tonnes modules

Build up LB organization in Norway

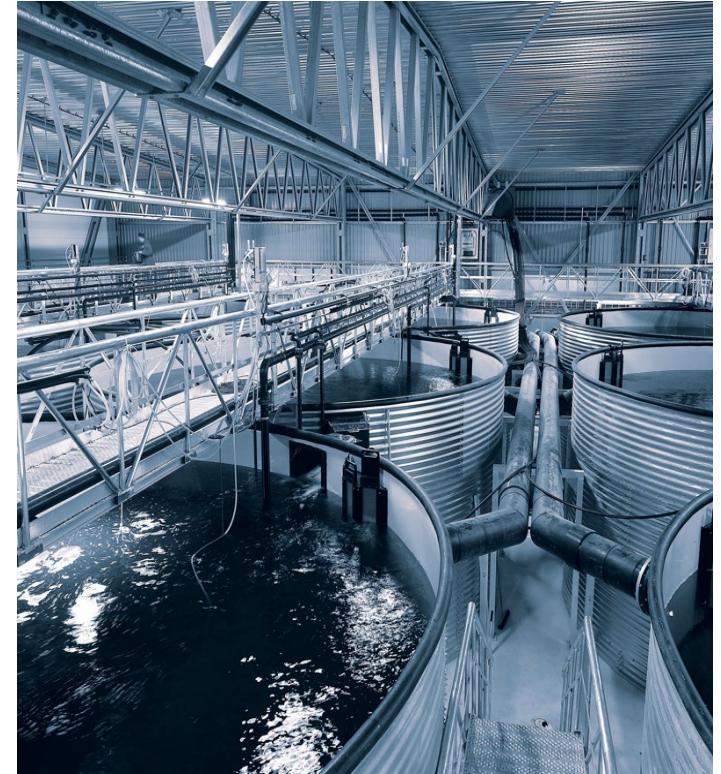
AKVA group Innovation agenda – Centre of Excellence

Tytlandsvik 4,500 tonnes post-smolt RAS facility

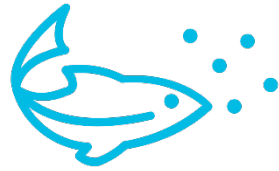
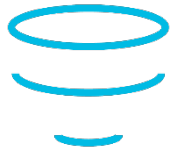


Land Based operational agenda

- Significant growth potential in post-smolt market
- Proof of concept on AKVA technology
- Ongoing investments in Land Based innovation agenda
- Change of contract terms – ongoing
- Project execution capabilities to be improved
- More efficient AKVA Land Based organization – potential for significant cost savings



Precision Farming Sea Based Solutions



Marine Infrastructure

for secure containment and efficient operations

- Plastic and Steel pens
- Nets
- Moorings
- Net Cleaning services and RoV's

Precision Feeding

for optimizing feed conversion and growth

- Barges
- Feed systems
- Camera systems
- AKVA connect
- AKVA observe
- AKVA fishtalk

Digital

to support precision farming with leading, open and modular digital solutions

- AKVA connect
- AKVA observe
- AKVA fishtalk

Deep farming

to minimize number of lice treatments

- Tubenet
- Plastic pens
- Feed system
 - Sub surface feeding
- Camera systems
- Lights
- Digital

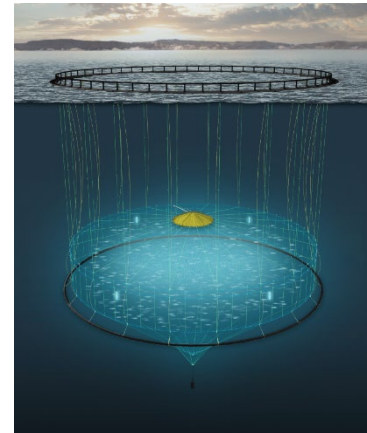
High focus to further develop deep farming concepts

Benefits from deep farming

- Avoid or reduce unwanted surface influences like lice, algae, currents, high temperatures.
- Better fish health and reduced mortality
- Improved fish welfare and reduced frequency and cost of reactive lice treatments
- Facilitate salmon farming at more exposed sites
- Knowledge-based development in cooperation with Institute of Marine Research, SINTEF Ocean etc.
- Reduced lice infestations is needed to sustain production growth (Norwegian Traffic Light system)
- Help farmers sustain fish health, reduce risk and increase profits.

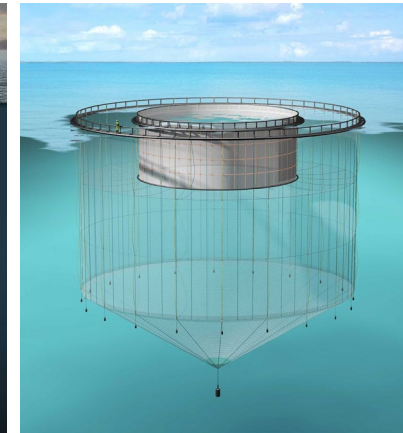
AKVA's current commercial solutions

NAUTILUS



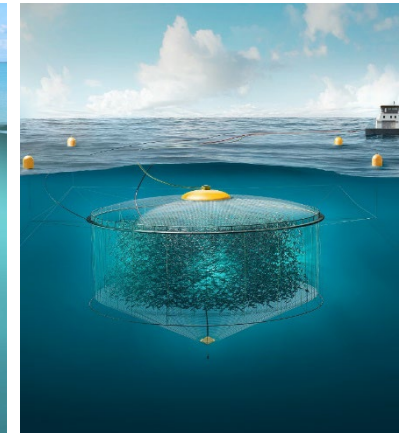
Access to air in the deep ordinary sites

TUBENET™



Access to air through a smaller surface

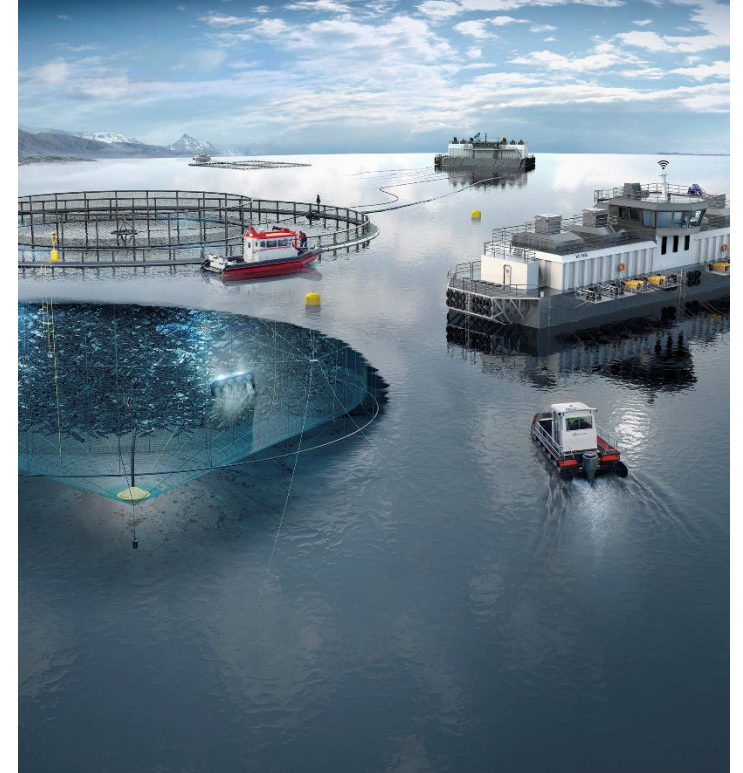
ATLANTIS SUBSEA FARMING



Access to air in the deep exposed sites

Sea Based operational agenda

- Demand for technology and solutions will outpace growth in salmon production
- Market demands solutions where hardware and software are integrated
- Continuous repricing of customer quotations to reflect the inflationary environment
- ESG considerations are being implemented in innovation agenda
- Reduced risk in barge business going forward
- Implementation of cost saving program



Key digital trends in Aquaculture - Fusing



**Digital
Products &
Services**



**Land based
Farming**



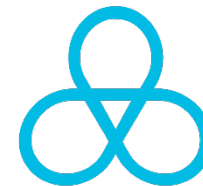
**Remote
Operations**



**Precision Fish
Farming**



**Sea Based
Farming**



**Business
Ecosystem**

Current digital solutions

 AKVA observe

 AKVA fishtalk

 AKVA connect

Digital – Strengthened Capabilities

- Digital Leadership
- Product Management
- Architecture and Innovation disciplines
- UX and Front-End Developers
- Digital Business Development
- Acquisition of 33,67% stake in Observe Technologies



Medium term targets

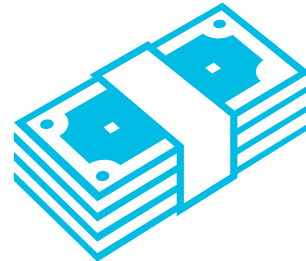


Long term organic topline growth of min. 10% Y-o-Y

Deliver min. BNOK 4 in revenue in 2024



Operational excellence and cost saving programs

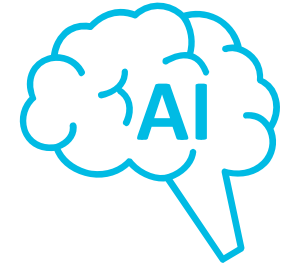


Deliver min. 8% EBIT in 2024

Step by step improve ROACE to min. 15% by 2024



Innovation spending to support new Product development and Organic growth



3 Digital platforms: AKVA Connect, AKVA Observe and AKVA Fishtalk

Agenda | Q2 2022

**Introduction and
Highlights**

**Financial
Performance**

**Q&A
Session**



Q2 2022 – Income statement

- Record high activity and revenue increased by MNOK 76 compared to Q2 21
- EBIT decreased by MNOK 74 from MNOK 32 in Q2 21 to MNOK -41 in Q2 22
- Profitability negatively impacted by high inflation rates and cost provisions of estimated MNOK 102 in the Q2
- Financial items reduced by MNOK 6 compared to Q2 21

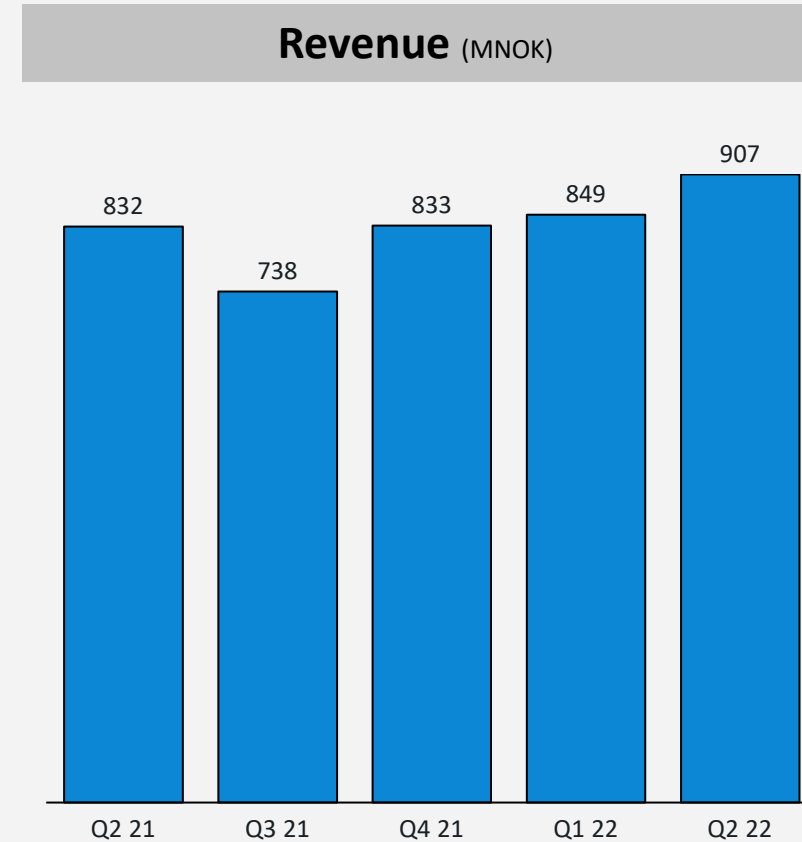
NOK million	2022 Q2	2021 Q2	2022 YTD	2021 YTD	2021 Total
Revenue	907	832	1 756	1 551	3 122
EBITDA	3	79	106	113	252
EBITDA margin	0,4 %	9,5 %	6,0 %	7,3 %	8,1 %
EBITDA ex. cyber-attack costs¹	3	79	106	162	302
EBITDA margin ex. cyber-attack costs ¹	0,4 %	9,5 %	6,0 %	10,5 %	9,7 %
Depreciation, amortization and impairment	45	47	88	94	183
EBIT	-41	32	17	19	70
EBIT margin	-4,6 %	3,9 %	1,0 %	1,2 %	2,2 %
EBIT ex. cyber-attack costs¹	-41	32	17	68	120
EBIT margin ex. cyber-attack costs ¹	-4,6 %	3,9 %	1,0 %	4,4 %	3,8 %
Net Financial Items	-13	-18	-24	-35	-67
Income (loss) before tax	-54	14	-7	-17	3
Income (loss) before tax ex. cyber-attack costs¹	-54	14	-7	33	52
Income tax ²	-13	-2	-6	-8	-9
Net income (loss)	-41	16	-1	-9	11
Net income (loss) ex. cyber-attack costs¹	-41	16	-1	30	61
Earnings per share (NOK)	-1,13	0,48	-0,03	-0,26	0,34
Earnings per share (NOK) ex. special items ²	-1,13	0,48	-0,03	0,92	1,81

¹ Cyber-attack costs of 49,7 MNOK in Q1 2021

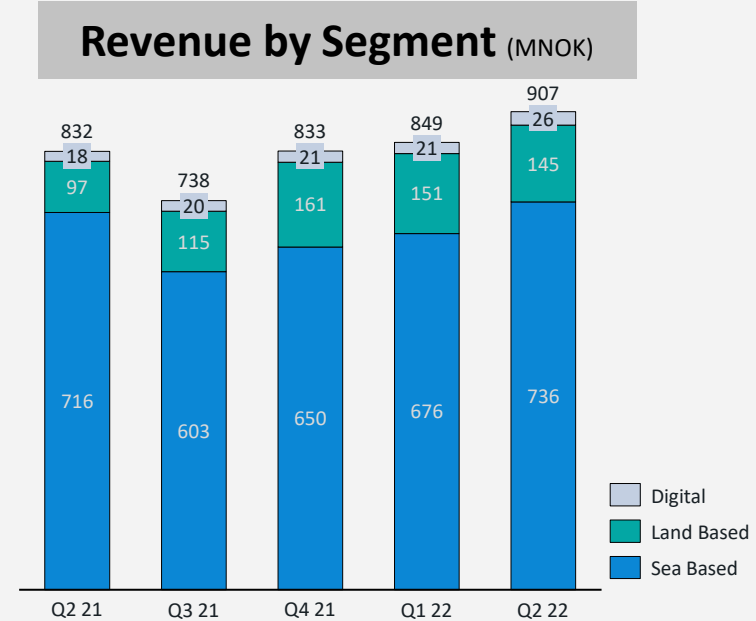
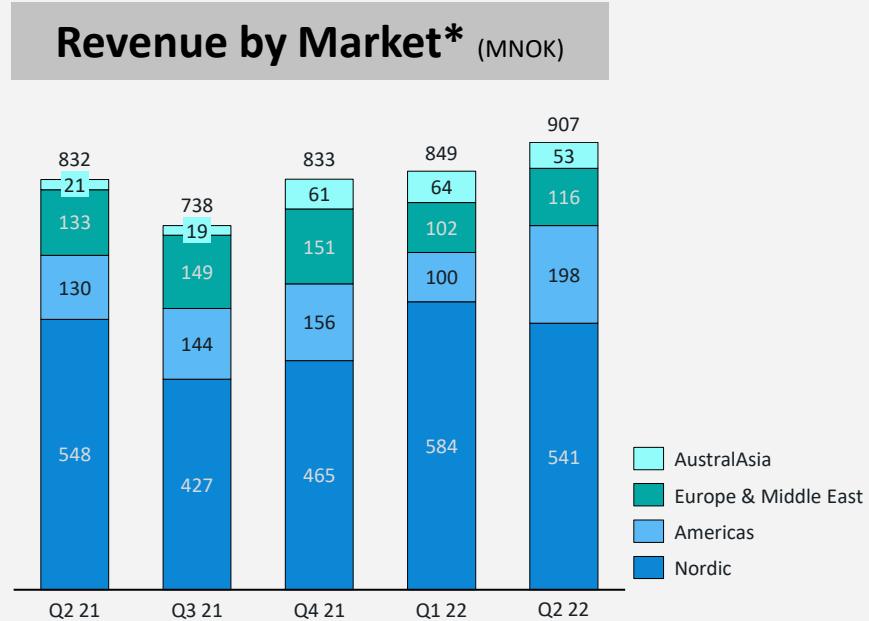
² Income tax YTD 2022 based on best estimate

Revenue development

- Last twelve months order intake and revenue of MNOK 3,233 and MNOK 3,327, respectively
- Revenue increased by 9% compared to Q2 22
- Increased activity in all three business segments in Q2 22 compared to Q2 21



Revenue by Market and Segment



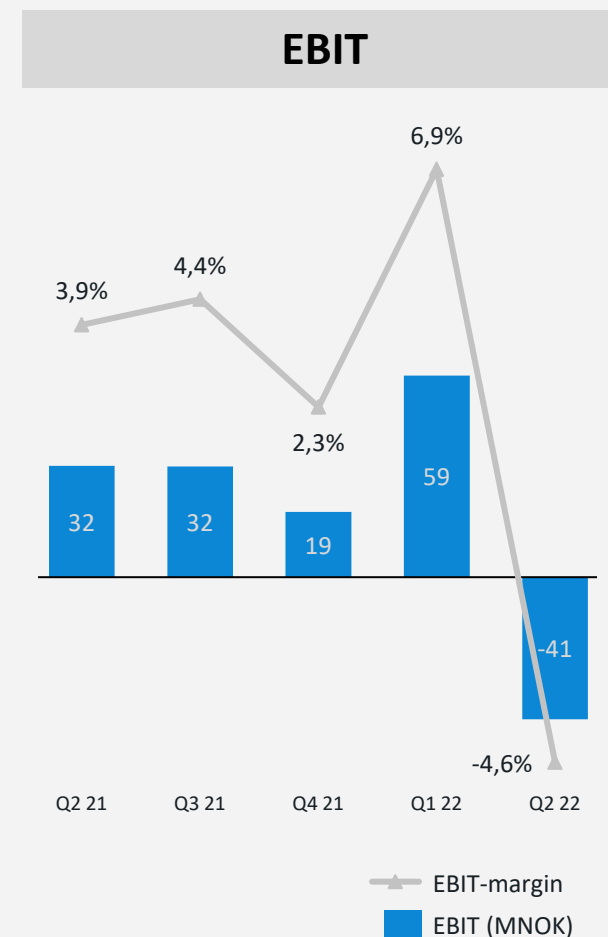
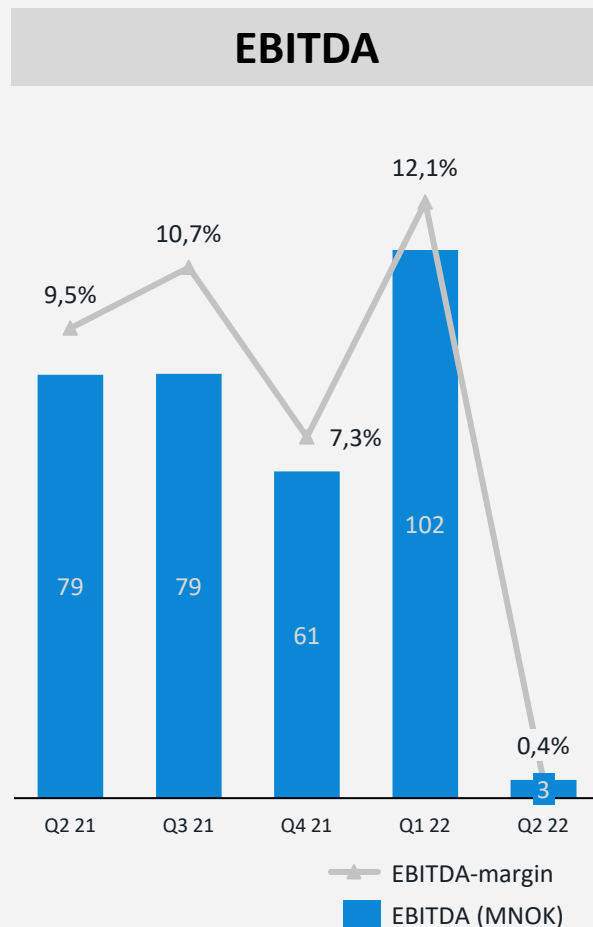
- Acceptable activity level in all markets in Q2
- Reduced activity in Europe & Middle East due to the situation in Russia

- Sea Based represents 81% of total revenue in Q2 22
- Strong increase in activity level in both Land Based (+50%) and Digital (+40%) compared to Q2 21

* Note: Market definition is location of customer

EBITDA and EBIT development

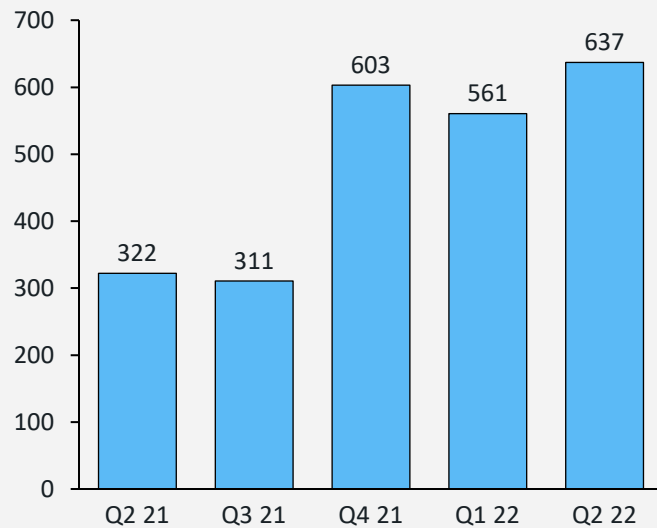
- EBITDA of MNOK 3 / 0,4% in Q2 22
- Challenging profit margins in the quarter due to cost provisions and negative impact for the high inflation rates
- Total extraordinary costs of MNOK 102 in the quarter
- Cost savings programs to are being implemented



*Note: Costs of MNOK 49,7 related to cyber-attack in Q1 21 are excluded

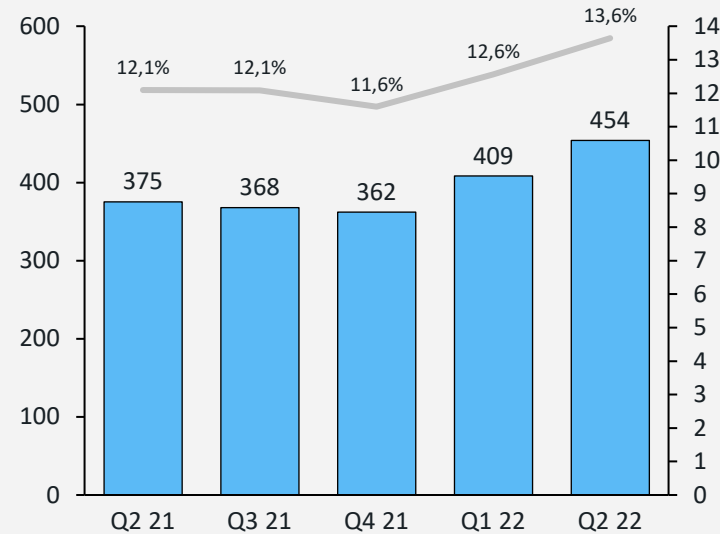
Cash flow and financial position

Available cash

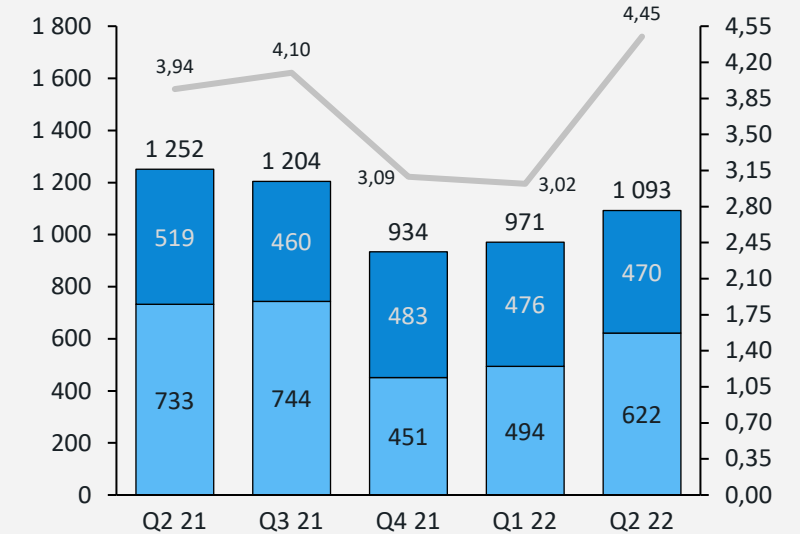


- Q2 22 includes MNOK 500 available credit facility in DNB
- Q2 21 to Q1 22 includes MNOK 300 available credit facility Danske Bank
- Private placement of MNOK 322 completed in Q4 21

Net Working capital



Net debt / EBITDA*



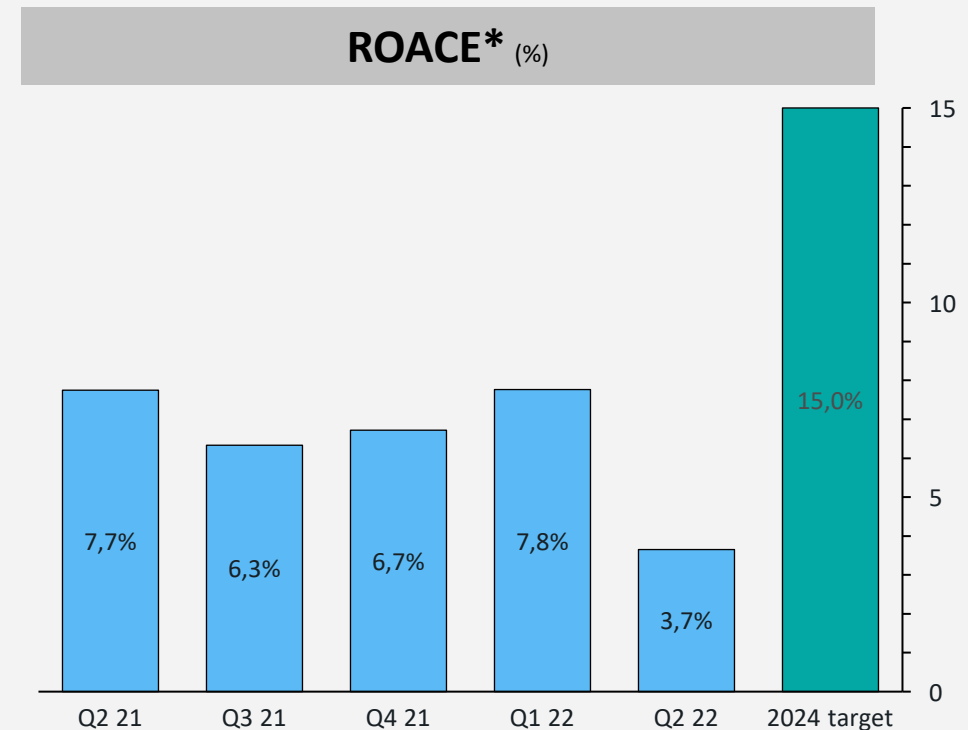
- NIBD/EBITDA (12 mth rolling)
- NIBD
- Lease Liability (IFRS 16)

NIBD/EBITDA covenant threshold of 4,50

*Note: NIBD/EBITDA ratio for the period Q1 21 to Q4 21 is adjusted for non-recurring cyber-attack costs of MNOK 49,7

Development return on capital employed

- ROACE decreased from 7,8% in Q1 22 to 3,7% in Q2 22
- Target of minimum 15% in 2024

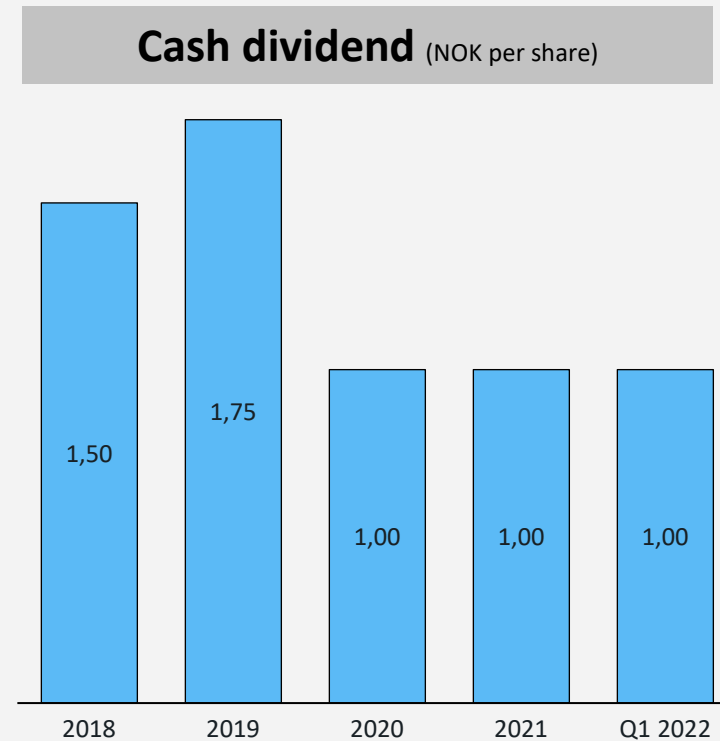


- ROACE is calculated with the average balance sheet items last four quarters
- ROACE is calculated ex balance sheet items of IFRS 16

* Note: Costs of MNOK 49,7 related to cyber-attack in Q1 21 is excluded when calculating ROACE for the period Q1 21 to Q4 21

Dividend

- A dividend of NOK 1 per share was paid in Q1 2022
- Due to the challenging first half year of 2022 the company has decided not to pay any dividend in the second half of 2022





Business segments

Sea Based Technology

- Total revenue increased by 3%
- Order intake reduced from MNOK 735 in Q2 21 to MNOK 704 in Q2 22

Nordic

- Revenue decreased by 7% in Q2 22 compared to Q2 21
- Total order intake of MNOK 475 and 7% higher than Q2 21

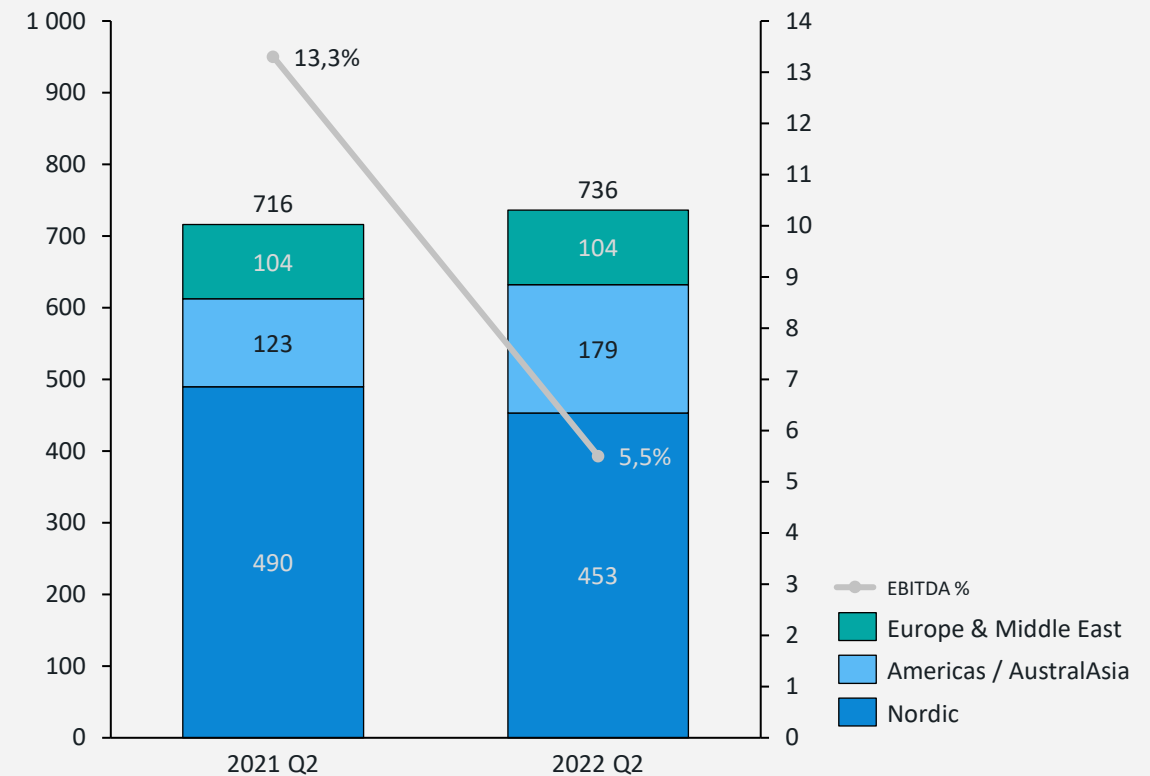
Americas

- Strong increase in revenue of 46% in Q2 22 compared to Q2 21
- 2% increase in order intake in Q2 22 compared to Q2 21

Europe & Middle East

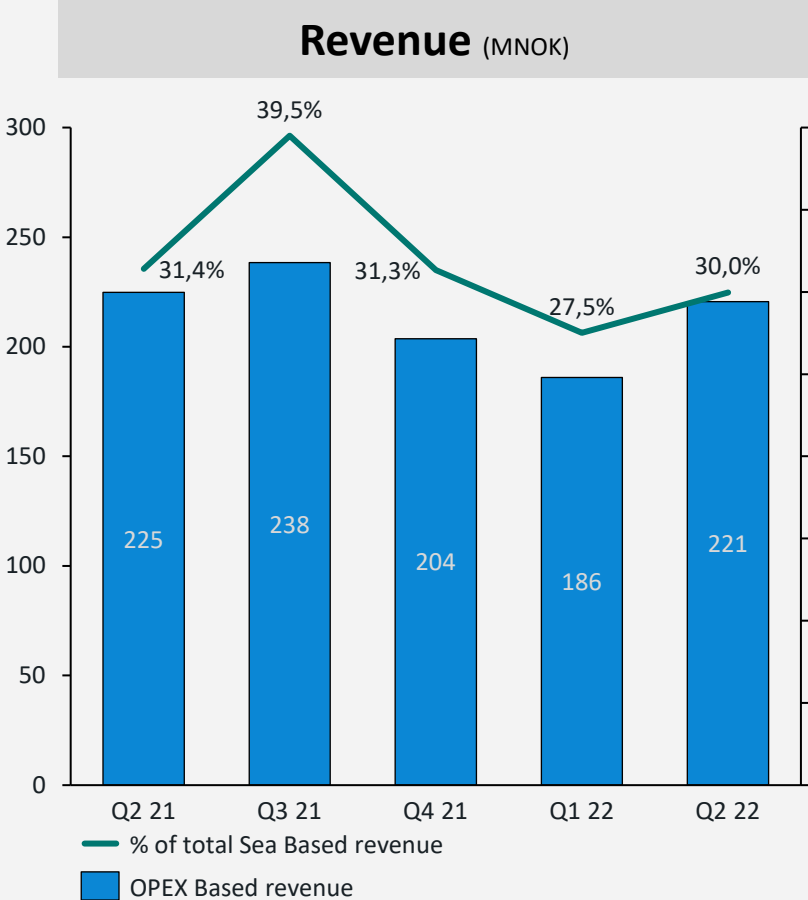
- Revenue on same level in Q2 22 compared to Q2 2021
- Order intake reduced by 44% in Q2 22 compared to Q1 21 mostly due to the situation in Russia

Revenue (MNOK) and EBITDA-margin (%)



Development OPEX based revenue

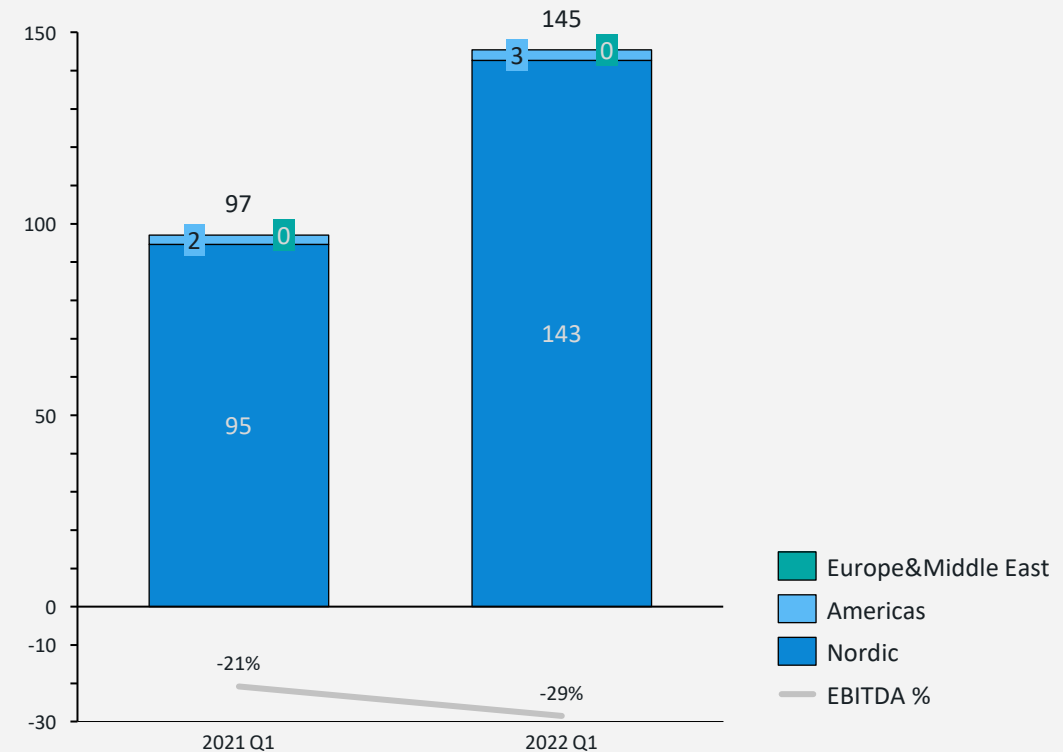
- Recurring revenue was MNOK 4 lower in Q2 22 compared to Q2 21
 - Adjusted for the sale of AKVA Marine Services (Q3 21) the recurring revenue increased by MNOK 22



Land Based Technology

- Order intake of MNOK 96 in the quarter compared to MNOK 116 in Q2 21
- Revenue increased by 50% in Q2 22 compared to Q2 21
- Progress according to plan on the full grow out project for Nordic Aqua Partners in China
- Weak financial performance in the quarter due to cost inflations, warranty- and cost provisions

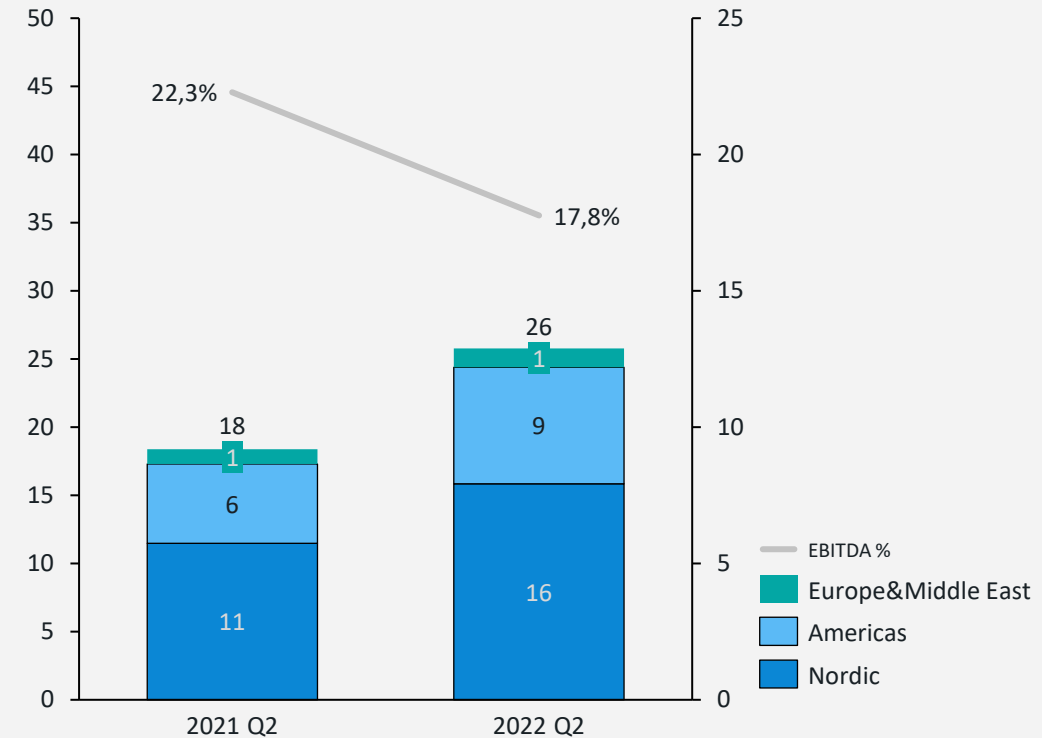
Revenue (MNOK) and EBITDA-margin (%)



Digital

- Revenue increased by 40% in Q2 22 compared to Q2 21
- Reduced EBITDA margin related to ramp-up of organization and investment in digital capabilities

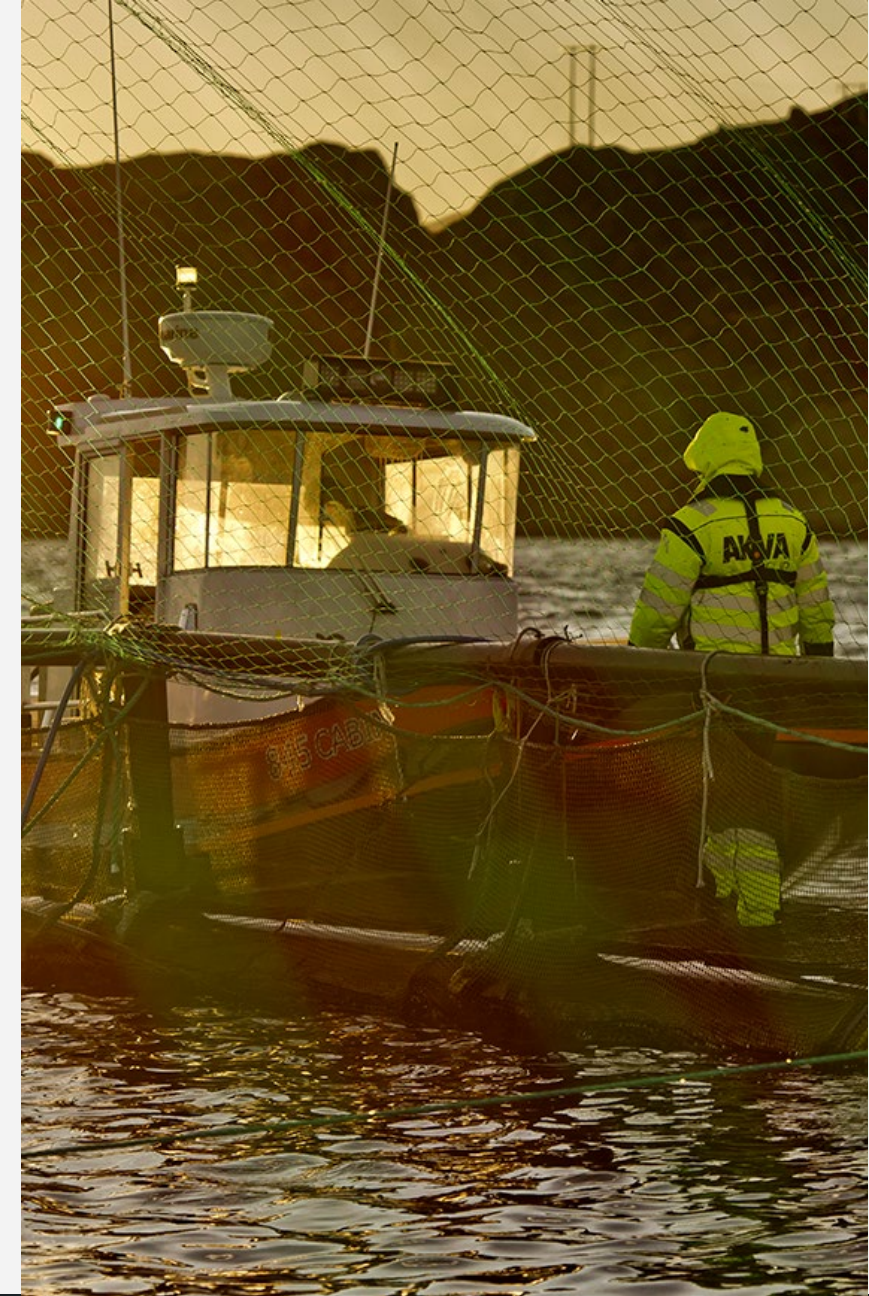
Revenue (MNOK) and EBITDA-margin (%)





Outlook

- Salmon prices expected to remain strong driven by reduced supply. On the other hand, uncertainty related to supply chain restrictions and cost inflations may impact the profitability
- Order backlog is solid and forms a good foundation to execute our organic growth strategy
- Targeting minimum BNOK 4 in revenue and minimum 8% EBIT in 2024
- Cost saving programs are being implemented to improve profitability
- Digital solutions is an important part of AKVA groups total product offering and the company will continue to invest and improve our solutions, both within Sea Based and Land Based Technology



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Appendix

Overview slide



Leading
technology
and service
partner



Listed on
Oslo stock
exchange
since 2006



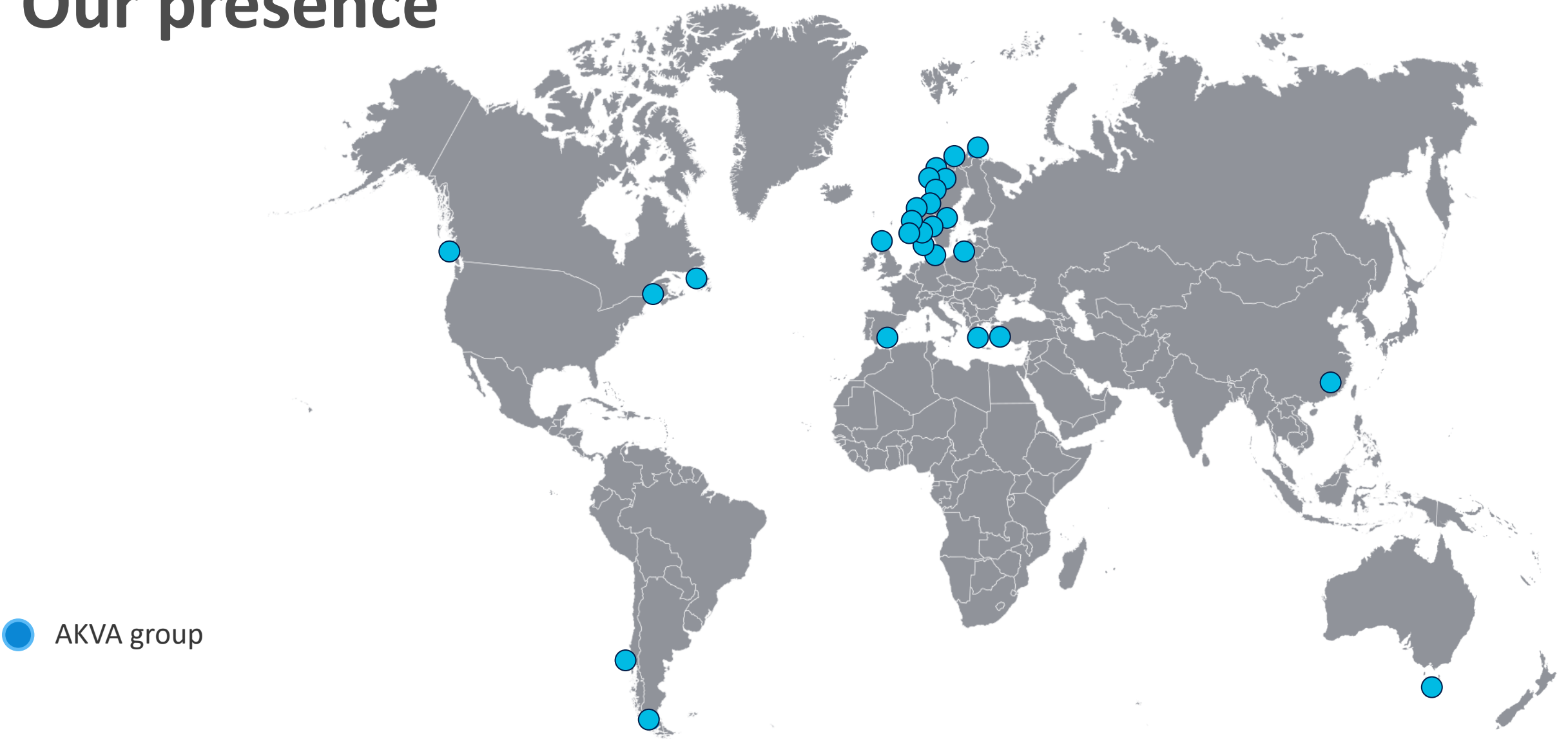
Deliveries in
65 countries
over 40 years



Companies in
11 countries.
1 488
employees



Our presence



● AKVA group

Solutions

Sea Based



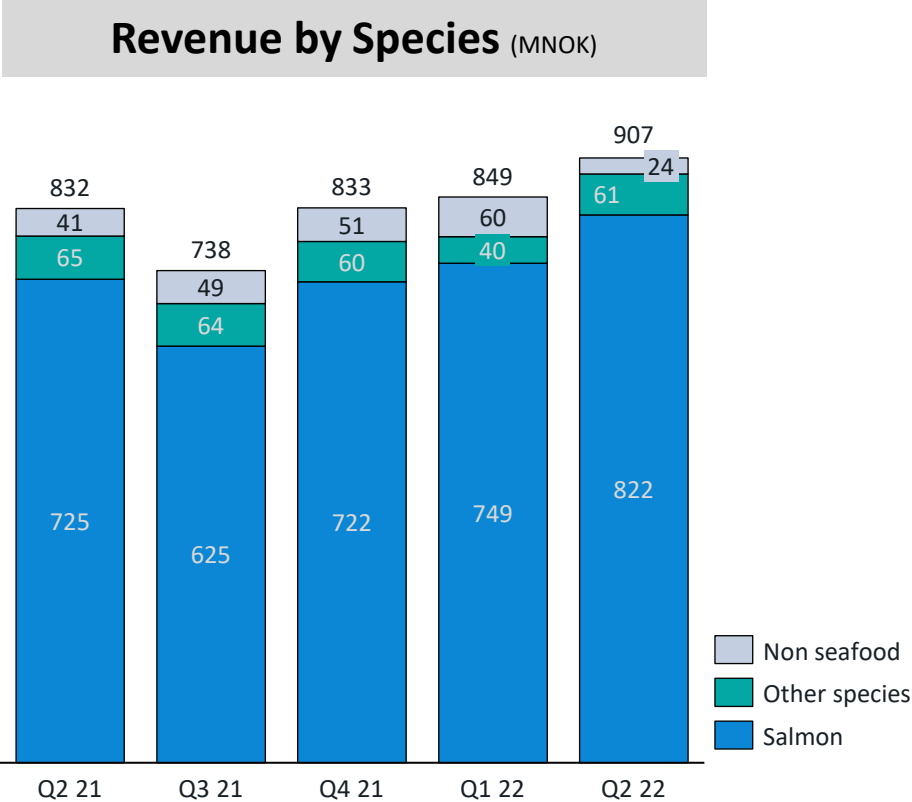
Land Based



Digital



Revenue by species



Balance sheet

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION		Note	2022	2021	2021
(NOK 1 000)			30.6.	30.6.	31.12.
Intangible fixed assets	1,3	970 345	1 043 641	934 157	
Deferred tax assets		16 203	2 352	11 229	
Tangible fixed assets		637 712	713 262	642 568	
Long-term financial assets		340 811	179 535	342 196	
FIXED ASSETS		1 965 071	1 938 790	1 930 149	
Stock		647 741	537 583	556 076	
Trade receivables		623 699	580 482	550 787	
Other receivables		133 377	109 002	105 091	
Cash and cash equivalents		137 051	143 920	303 442	
CURRENT ASSETS		1 541 869	1 370 987	1 515 397	
TOTAL ASSETS		3 506 940	3 309 777	3 445 546	
Paid in capital		1 175 365	880 172	1 208 539	
Retained equity		94 820	105 965	88 346	
Equity attributable to equity holders of AKVA group ASA		1 270 185	986 137	1 296 885	
Non-controlling interests	1,3	189	158	140	
TOTAL EQUITY		1 270 375	986 295	1 297 025	
Deferred tax		18 998	37 229	21 187	
Other long term debt		37 134	39 120	39 056	
Lease Liability - Long-term		386 879	445 952	404 673	
Long-term interest bearing debt	1	721 817	754 199	454 065	
LONG-TERM DEBT		1 164 829	1 276 501	918 981	
Short-term interest bearing debt	4	37 500	122 729	300 858	
Lease Liability - Short-term		83 466	72 553	78 201	
Other current liabilities		950 770	851 700	850 481	
SHORT-TERM DEBT		1 071 736	1 046 981	1 229 540	
TOTAL EQUITY AND DEBT		3 506 940	3 309 777	3 445 546	

Cash flow statement

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (NOK 1 000)	2022	2021	2022	2021	2021
	Q2	Q2	YTD	YTD	Total
Cash flow from operating activities					
Profit before taxes	-54 206	14 004	-6 837	-16 686	2 549
Taxes paid	-10 614	-4 195	-20 879	-12 658	-34 683
Share of profit(-)/loss(+) from associates	-2 495	-1 897	1 910	-4 009	-8 461
Net interest cost	14 064	15 627	24 179	20 553	38 868
Gain(-)/loss(+) on disposal of fixed assets	-63	-709	-162	-709	-1 567
Gain(-)/loss(+) on financial fixed assets	-5 688	-3 385	-4 325	4 137	10 342
Depreciation and amortization	44 783	46 877	88 354	93 877	182 662
Changes in stock, accounts receivable and trade payables	-17 950	47 365	-142 821	-59 063	-108 105
Changes in other receivables and payables	-16 858	-159 571	71 126	-46 691	22 221
Net foreign exchange difference	5 701	2 633	11 368	-14 870	-43 075
Cash generated from operating activities	-43 326	-43 253	21 913	-36 120	60 752
Cash flow from investment activities					
Investments in fixed assets	-53 133	-37 244	-98 969	-46 340	-80 335
Proceeds from sale of fixed assets	95	1 692	4 956	1 692	2 626
Payment of shares and participations	0	0	0	-30 803	-36 217
Net cash flow from investment activities	-53 037	-35 552	-94 013	-75 451	-113 926
Cash flow from financing activities					
Repayment of borrowings	-16 763	-19 819	-37 661	-45 842	-91 810
Proceed from borrowings	0	121 126	0	128 644	6 695
Loan issue	0	0	0	0	-22 142
Net interest paid	-14 064	-15 627	-24 179	-20 553	-40 337
Dividend payment	0	-32 956	-36 668	-32 956	-32 956
Equity issue	0	0	0	0	321 676
Net cash flow from financing activities	-30 827	52 724	-98 508	29 293	141 126
Net change in cash and cash equivalents	-127 189	-26 080	-170 608	-82 278	87 952
Net foreign exchange differences	3 689	1 427	4 218	1 315	-6 107
Cash and cash equivalents at beginning of period	260 552	168 574	303 442	224 884	224 884
Cash and cash equivalents divested entities	0	0	0	0	-3 287
Cash and cash equivalents at end of period	137 051	143 920	137 051	143 920	303 442

Largest shareholders

20 largest shareholders

No of shares	%	Account name	Type	Citizenship
18 703 105	51,0 %	EGERSUND GROUP AS		NOR
6 600 192	18,0 %	Israel Corporation Ltd		ISR
1 470 262	4,0 %	PARETO AKSJE NORGE VERDIPAPIRFOND		NOR
996 788	2,7 %	SIX SIS AG	Nominee	CHE
923 816	2,5 %	VERDIPAPIRFONDET NORDEA KAPITAL		NOR
839 811	2,3 %	VERDIPAPIRFONDET NORDEA AVKASTNING		NOR
817 834	2,2 %	VERDIPAPIRFONDET ALFRED BERG GAMBA		NOR
615 614	1,7 %	VERDIPAPIRFONDET NORDEA NORGE PLUS		NOR
543 332	1,5 %	FORSVARETS PERSONELLSERVICE		NOR
321 155	0,9 %	J.P. Morgan SE	Nominee	LUX
302 998	0,8 %	MP PENSJON PK		NOR
294 282	0,8 %	AKVA GROUP ASA		NOR
256 590	0,7 %	J.P. Morgan SE	Nominee	FIN
232 613	0,6 %	VERDIPAPIRFONDET ALFRED BERG NORGE		NOR
211 032	0,6 %	EQUINOR PENSJON		NOR
129 988	0,4 %	PACTUM AS		NOR
128 000	0,3 %	VERDIPAPIRFONDET ALFRED BERG NORGE		NOR
125 795	0,3 %	DAHLE		NOR
104 336	0,3 %	VERDIPAPIRFONDET ALFRED BERG AKTIV		NOR
100 800	0,3 %	JAKOB HATTELAND HOLDING AS		NOR
33 718 343	92,0 %	20 largest shareholders		
2 949 390	8,0 %	Other shareholders		
36 667 733	100,0 %	Total shares		

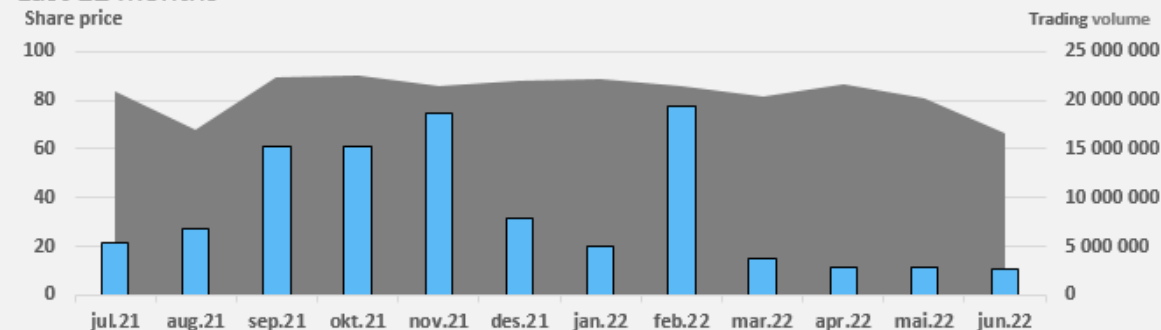
Origin of shareholders, 5 largest countries

No of shares	%	Origin	No of shareholders
28 057 446	Norway	0,76518082	1324
6 605 192	Israel	0,180136361	2
1 040 177	Switzerland	0,028367639	6
349 584	Luxembourg	0,009533832	2
302 576	Finland	0,008251833	3
97 132	Denmark	0,002648978	23
45 073	Ireland	0,001229228	18

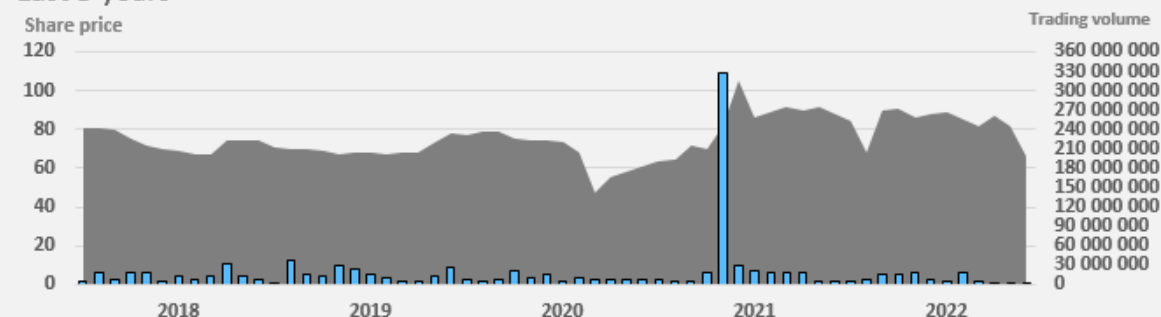
Total number of shareholders: 1487 - from 30 different countries

Share development

Last 12 months



Last 5 years




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Dividend policy

- The company is aiming to give the shareholders a competitive return on investment by a combination of cash dividend and share price increase
- The company's dividend policy shall be stable and predictable
- When deciding the dividend, the Board will take into consideration expected cash flow, capital expenditure plans, financing requirements/compliance, appropriate financial flexibility, and the level of net interest-bearing debt
- The company needs to be in compliance with all legal requirements to pay dividend
- The company will target to pay dividend twice a year

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