

Q1 2022 Presentation

Klepp, 13 May 2022

Knut Nesse, CEO

Ronny Meinkøhn, CFO





Technology for sustainable biology

Agenda | Q1 2022

Highlights and Outlook

Knut Nesse, CEO

Financial Performance

Ronny Meinkøhn, CFO

Q&A Session



Highlights | Q1 2022

Operation



- High market activity with order intake of MNOK 1,048 in the quarter
- Negative EBIT impact from cost inflations and supply chain restrictions
- Sale of shares in Atlantis Subsea Farming AS completed with a gain of MNOK 33

Innovation and Digital

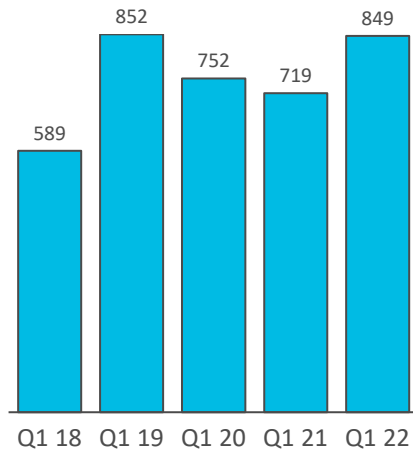


- Good momentum on developing capabilities within Land Based technology and advisory services
- High focus on further strengthening and commercializing of deep-sea open farming concepts
- Digital agenda progressing in line with strategic ambitions

Key figures | Q1 2022

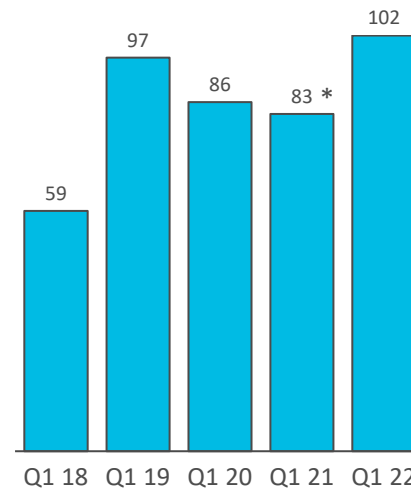
Revenue

849 MNOK



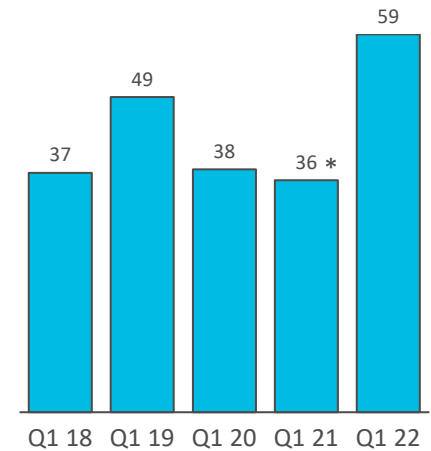
EBITDA

102 MNOK



EBIT

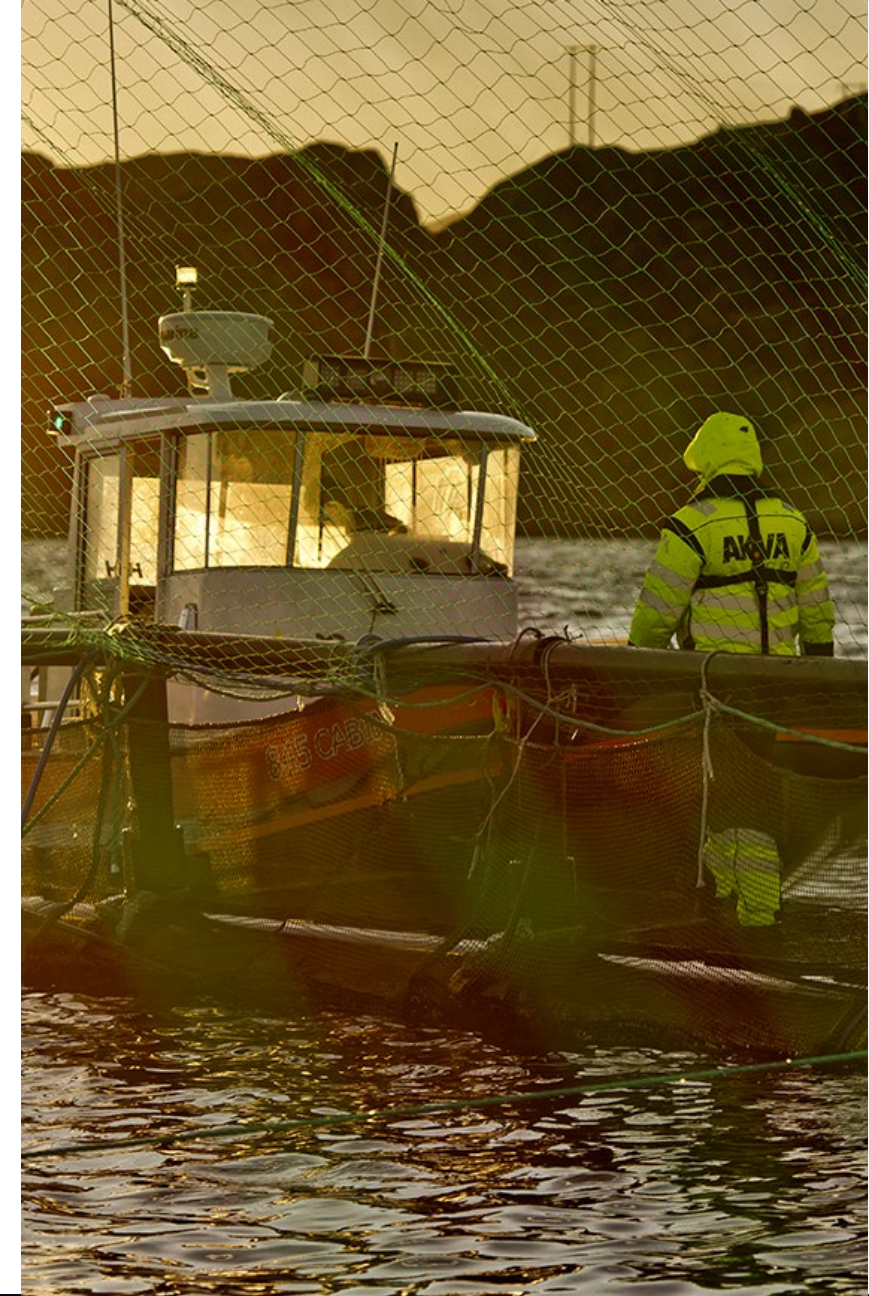
59 MNOK



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

Implications of major macro events

- The Russia-Ukraine conflict has intensified the inflation and supply chain restrictions worldwide and has significant implications for AKVA's profitability
- Examples include:
 - Exponential increase in freight rates
 - High energy prices
 - Increased price level on raw materials and key components
 - Delayed progress on Land Based projects
- Estimated negative EBIT effect of MNOK 30 in Q1 22
- AKVA will not enter new contracts in Russia in the foreseeable future
 - The Russian market has accounted for about 5% of the AKVA's total revenue in recent years
 - All existing contracts have been delivered and fully paid



Market development

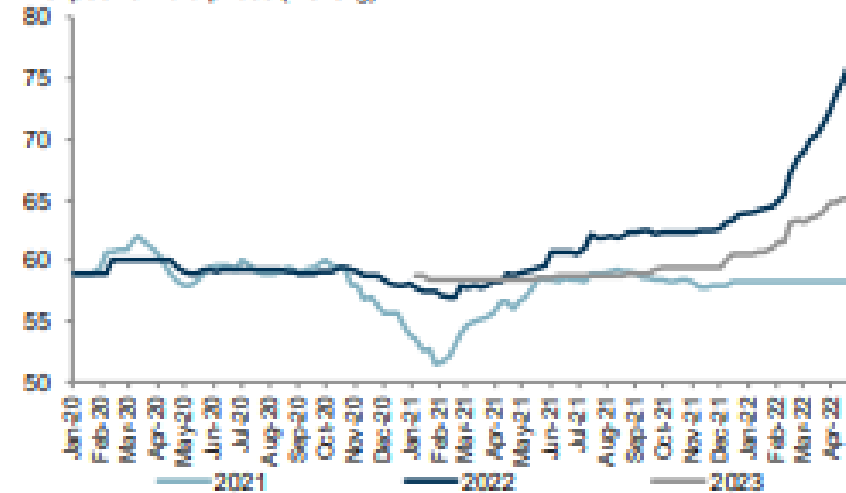
Norwegian salmon price NOK/kg

(Weighted average price for fresh Atl. salmon, packed, gutted, superior)



Fishpool forward prices

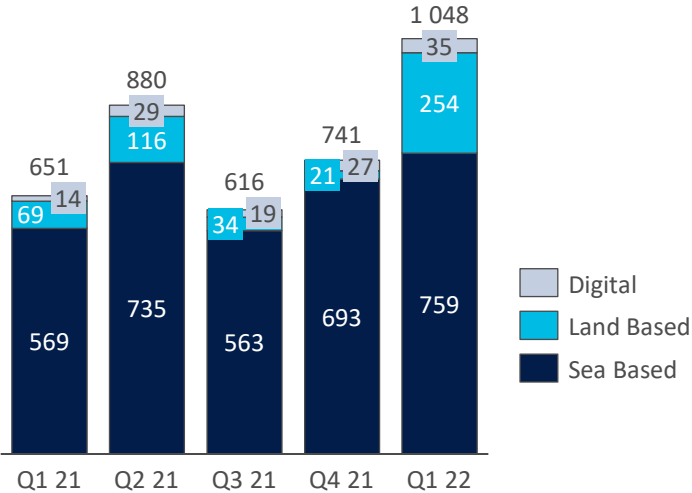
Fishpool forward prices (NOK/kg)



Source: [Pareto Seafood Price Update](#) 28.04.2022

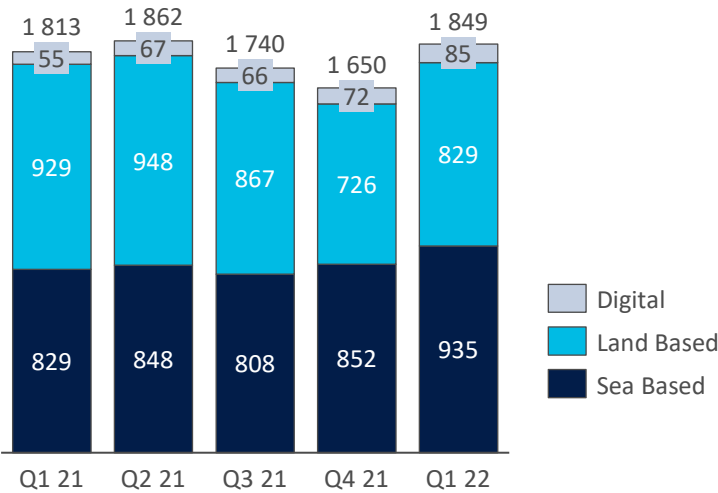
Development order intake and order backlog

Order intake (MNOK)



*Note: MNOK 1 317 in order intake related to AquaCon is removed from the order intake in Q3 2021

Order backlog (MNOK)



*Note: MNOK 1 317 in order backlog related to AquaCon is removed from the order backlog in Q1 2022

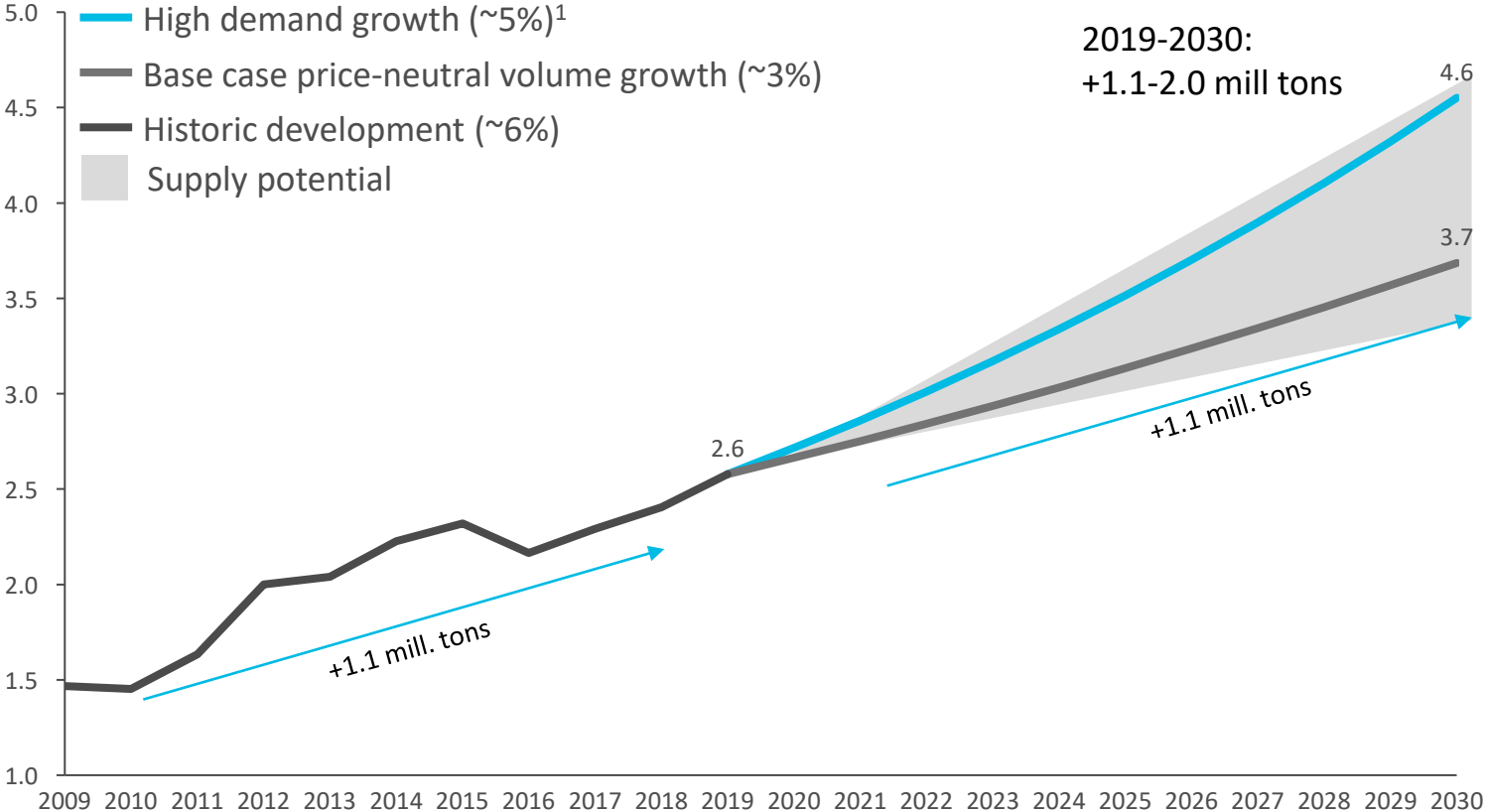


Strategic Status

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

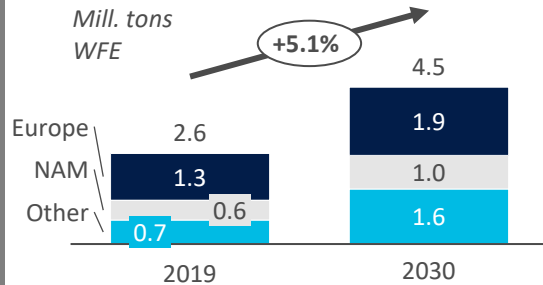


Key demand drivers

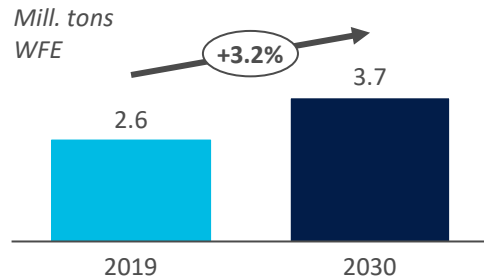
-  **Focus on environment and health** increasing demand for more environmentally friendly and healthy sources of protein
-  **Salmon among favored species** for consumption in developed and emerging seafood markets
-  **Distribution to new markets** fueling demand, ~45% of total volume growth 2015-2019
-  **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

The paradigm shift of land-based farming will require major capex investments until 2030 and beyond

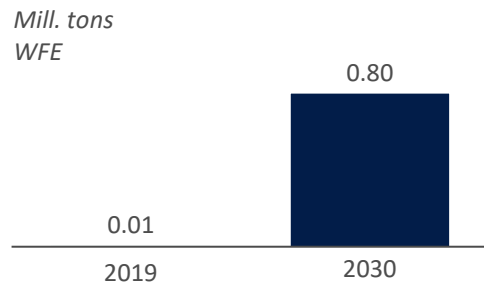
Demand



Conventional production



Land-based/ other unconventional



- Restricted fresh supply requires market effort to convert demand from fresh to frozen
- Asian markets critical for growth – required to increase and broaden marketing efforts
- Innovation critical to achieve growth
- New freezing technologies required to secure increased quality for frozen intercontinental exports
- Growth capex >20 bln NOK and additional maintenance capex
- Expectations 2030+ may limit investments/production
- ~160 bln NOK¹ in CAPEX investments needed to reach land-based capacity of 800 th. tons by 2030
- RAS suppliers critical to achieve growth

AKVA Group implications:

- Strong Cage Farming segment
- Exponential growth in Land Based revenue
- Likely high margins within Land Based technology given potential shortage of RAS supplier capacity

1. Estimated 200 NOK/kg capex investment for land-based and 20 NOK/kg for conventional production

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

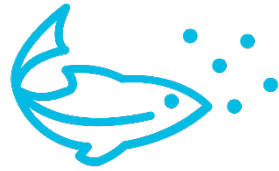
Production Advisory Services – RAS production competence group helping customers maximizing output and reducing cost

Standard 5,000 tonnes modules

Build up LB organization in Norway

AKVA group Innovation agenda – Centre of Excellence

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

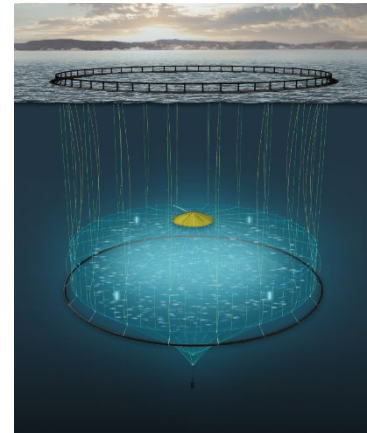
High focus to further develop deep farming concepts

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.

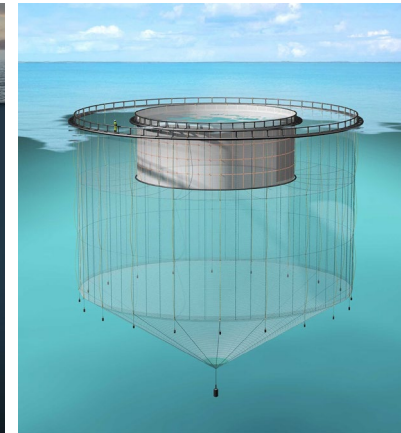
AKVA's current commercial solutions

NAUTILUS



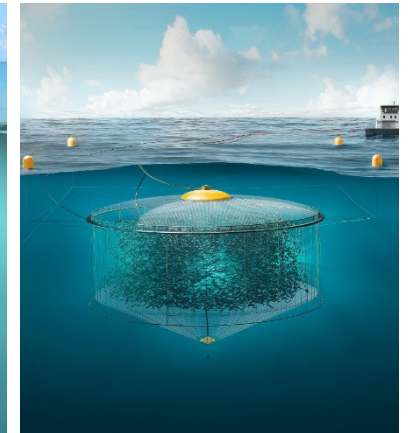
Access to air in the deep ordinary sites

TUBENET™



Access to air through a smaller surface

ATLANTIS SUBSEA FARMING



Access to air in the deep exposed sites

Key digital trends in Aquaculture - Fusing



**Digital
Products &
Services**



**Land based
Farming**



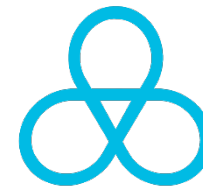
**Remote
Operations**



**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



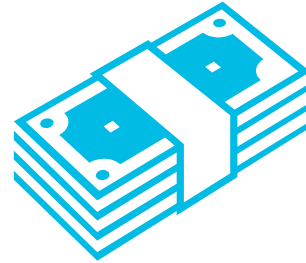
Strategic guidance



Organic topline growth



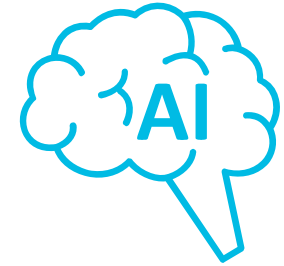
Operational excellence



- Deliver min. 25% EBIT-increase Y-o-Y
- Step by step improve ROACE to min. 15% by 2023



Min. 50% increase in Innovation spending to support new Product development and Organic growth



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

Agenda | Q1 2022

Introduction and Highlights

Knut Nesse, CEO

Financial Performance

Ronny Meinkøhn, CFO

Q&A Session



Q1 2022 – Income statement

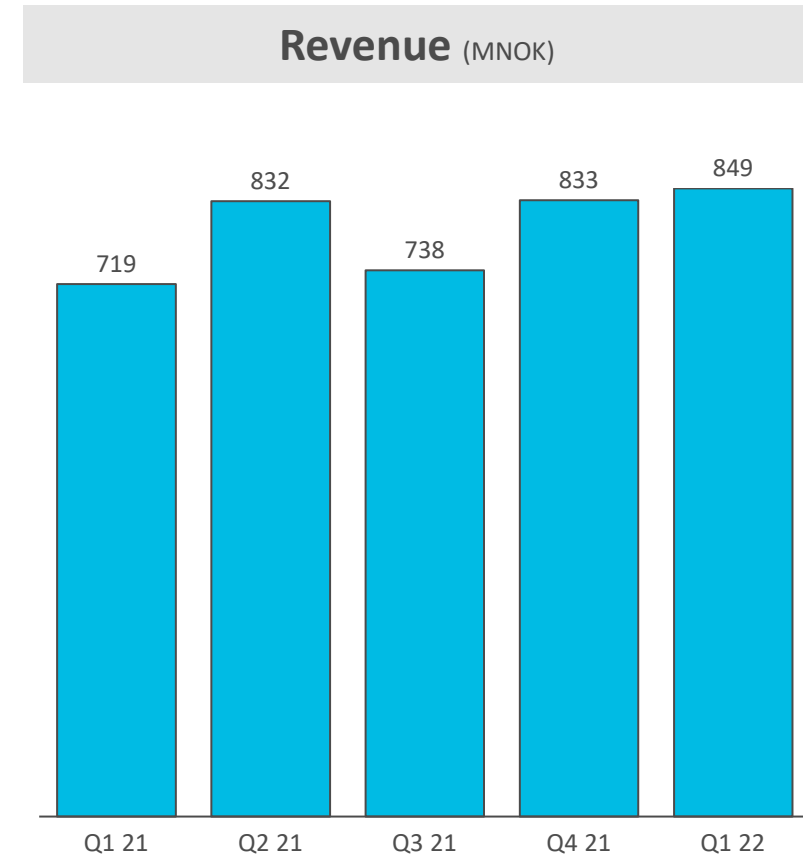
- Revenue increased by MNOK 130 compared to Q1 21
- EBIT increased by MNOK 23 from MNOK 36 in Q1 21 to MNOK 59 in Q1 22
- Profitability negative impacted by cost inflations and supply chain restrictions
- Financial items reduced by MNOK 6 compared to Q1 21 and is mainly related to development in the share price on investment in Nordic Aqua Partners

NOK million	2022 Q1	2021 Q1	2021 Total
Revenue	849	719	3 122
EBITDA	102	33	252
EBITDA margin	12,1 %	4,6 %	8,1 %
EBITDA ex. cyber-attack costs¹	102	83	302
EBITDA margin ex. cyber-attack costs ¹	12,1 %	11,5 %	9,7 %
Depreciation, amortization and impairment	44	47	183
EBIT	59	-14	70
EBIT margin	6,9 %	-1,9 %	2,2 %
EBIT ex. cyber-attack costs¹	59	36	120
EBIT margin ex. cyber-attack costs ¹	6,9 %	5,0 %	3,8 %
Net Financial Items	-11	-17	-67
Income (loss) before tax	47	-31	3
Income (loss) before tax ex. cyber-attack costs¹	47	19	52
Income tax ²	7	-6	-9
Net income (loss)	40	-25	11
Net income (loss) ex. cyber-attack costs ¹	40	14	61
Earnings per share (NOK)	1,10	-0,74	0,34
Earnings per share (NOK) ex. special items ²	1,10	0,43	1,81

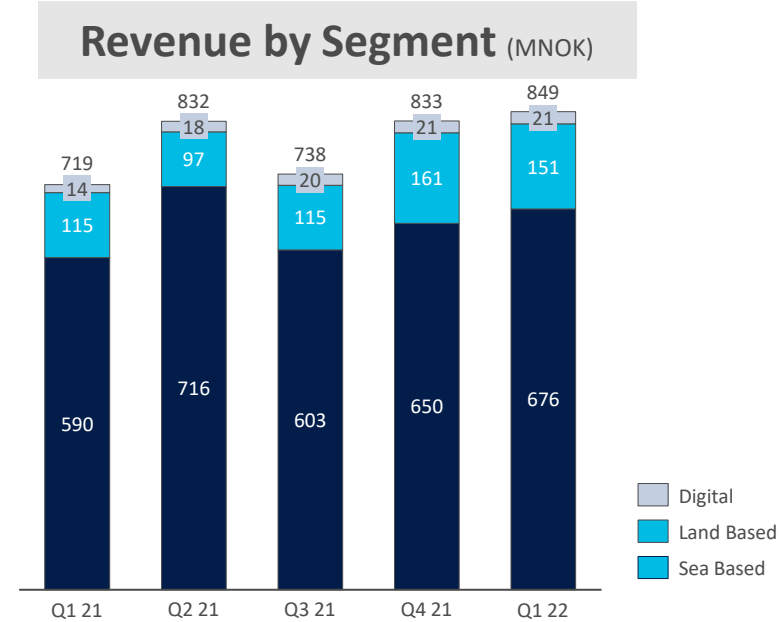
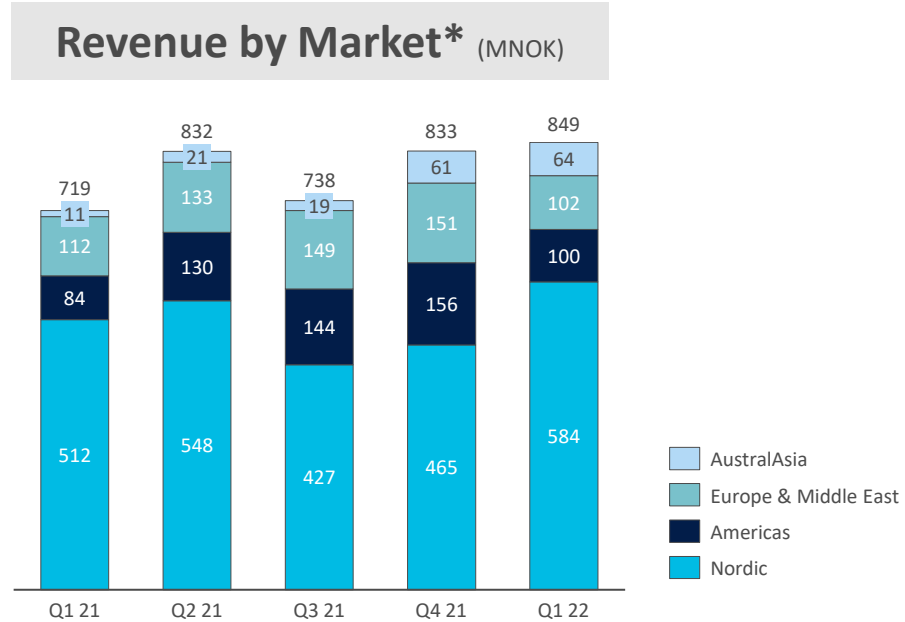
¹ Cyber-attack costs of 49,7 MNOK in Q1 2021
² Income tax Q1 2022 based on best estimate

Revenue development

- Revenue increased by 18% compared to Q1 21
- Last twelve months order intake and revenue of MNOK 3,285 and MNOK 3,251, respectively
- Increased activity in all three business segments in Q1 22 compared to Q1 21



Revenue by Market and Segment



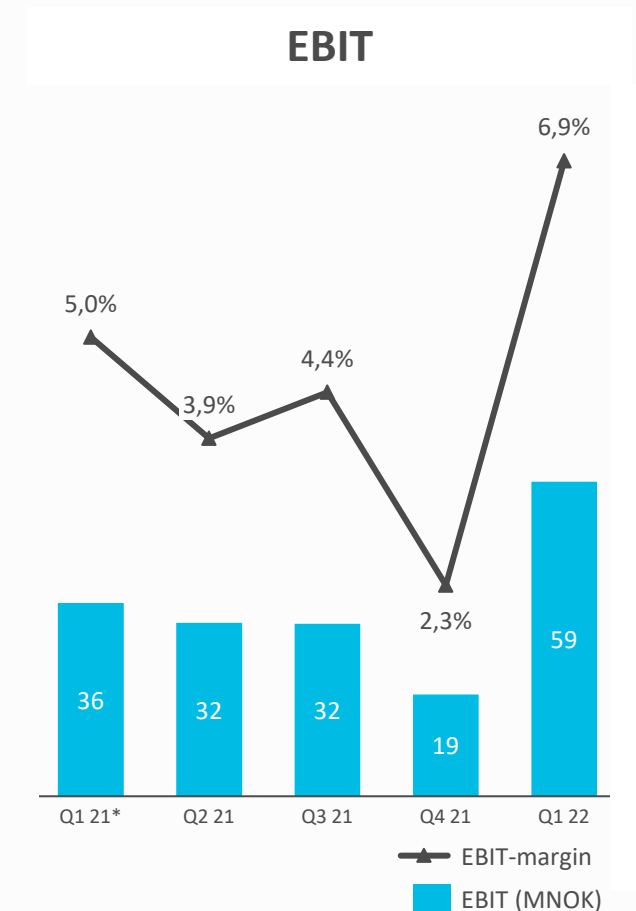
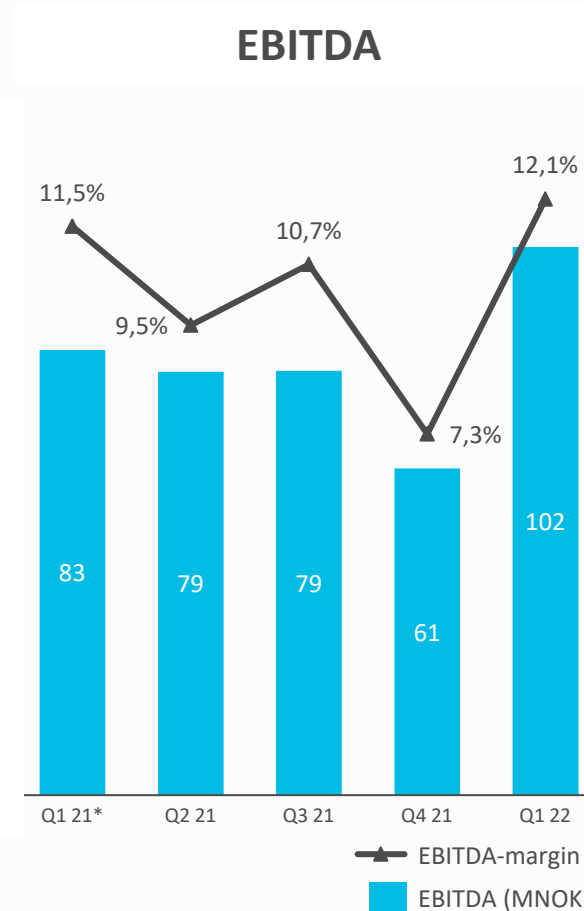
- Increased revenue in all markets except Europe & Middle East compared to Q1 21
- Revenue in AustralAsia is mainly related to the full grow out project for Nordic Aqua Partners

- Sea Based represents 80% of total revenue in Q1 22
- Strong increase in activity level in both Land Based (+32%) and Digital (+50%) compared to Q1 21

* Note: Market definition is location of customer

EBITDA and EBIT development

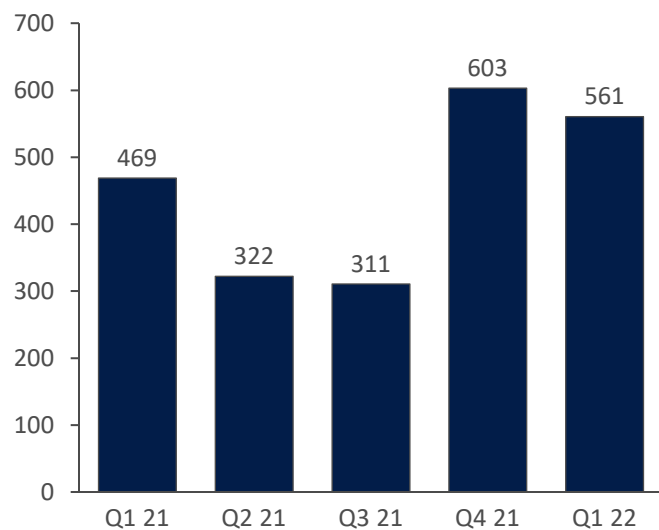
- EBITDA of MNOK 102 / 12,1% in Q1 22
- Challenging profit margins in the quarter due to supply chain restrictions and cost inflations. Examples include:
 - Freight rates
 - Energy prices
 - Access to raw materials
 - Price level in general on raw materials and key components
- Estimated negative EBIT impact of MNOK 30



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

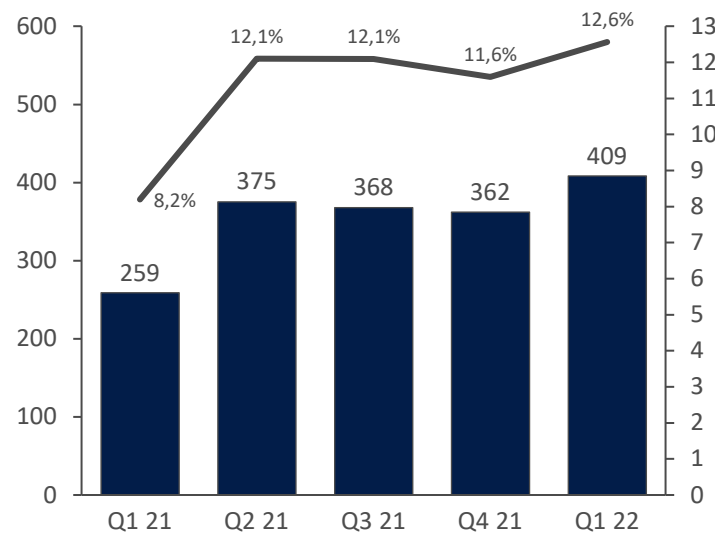
Cash flow and financial position

Available cash

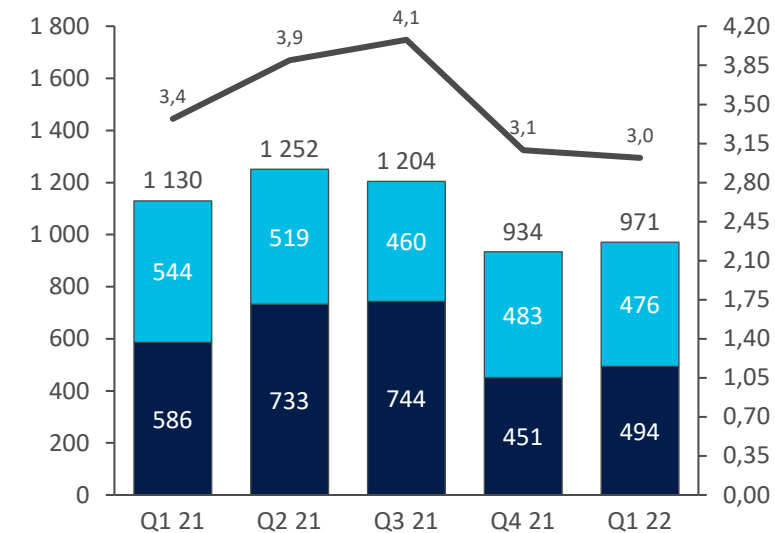


- Including a MNOK 300 available credit facility in Danske Bank
- Private placement of MNOK 322 completed in Q4 21

Net Working capital



Net debt / EBITDA*

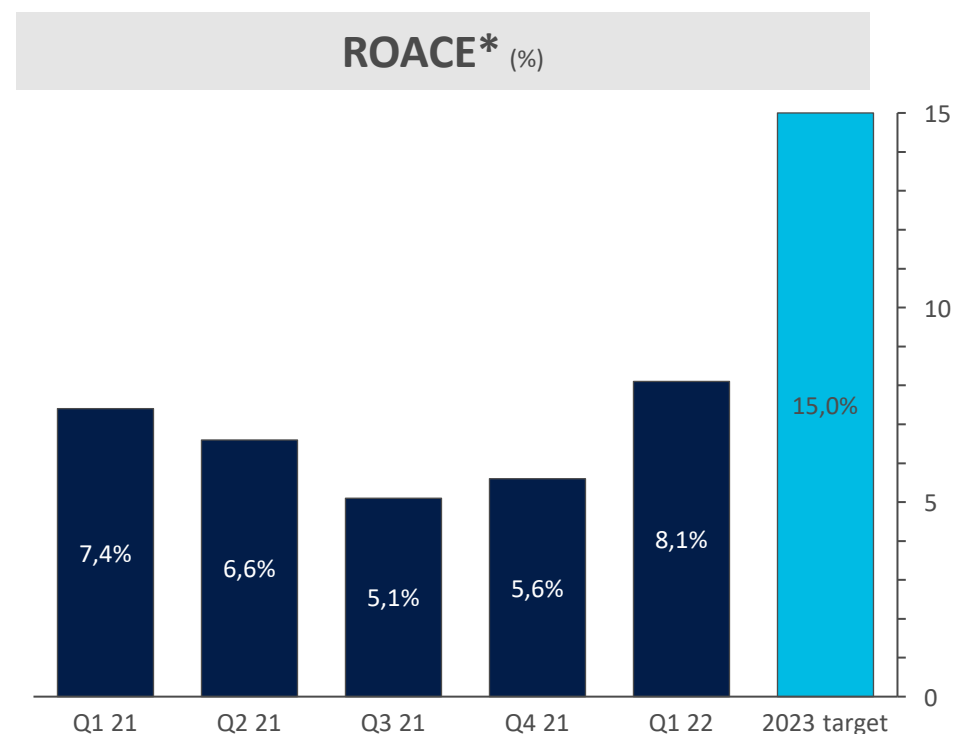


- NIBD/EBITDA (12 mth rolling)
 - NIBD
 - Lease Liability (IFRS 16)
- NIBD/EBITDA covenant threshold of 4,25

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

Development return on capital employed

- ROACE increased from 5,6% in Q4 21 to 8,1% in Q1 22
- Target of minimum 15% in 2023 remains unchanged

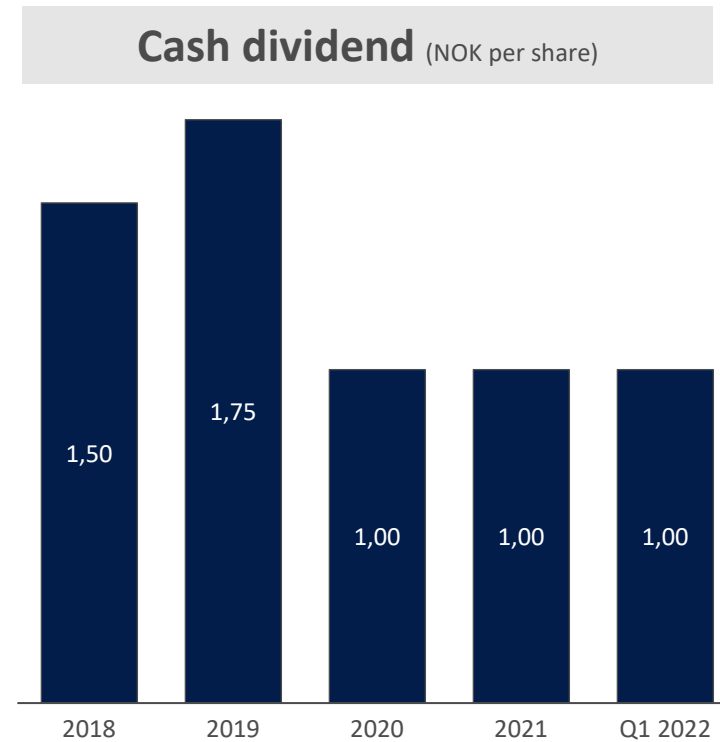


- ROACE is calculated with the average balance sheet items last four quarters
- ROACE is calculated ex balance sheet items of IFRS 16

* 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





Business segments

Sea Based Technology

- Revenue and order intake increased by 15% and 34% in Q1 22 compared to Q1 21

Nordic

- Revenue increased by 19% in Q1 22 compared to Q1 21
- Total order intake of MNOK 353 and 16% higher than Q1 21

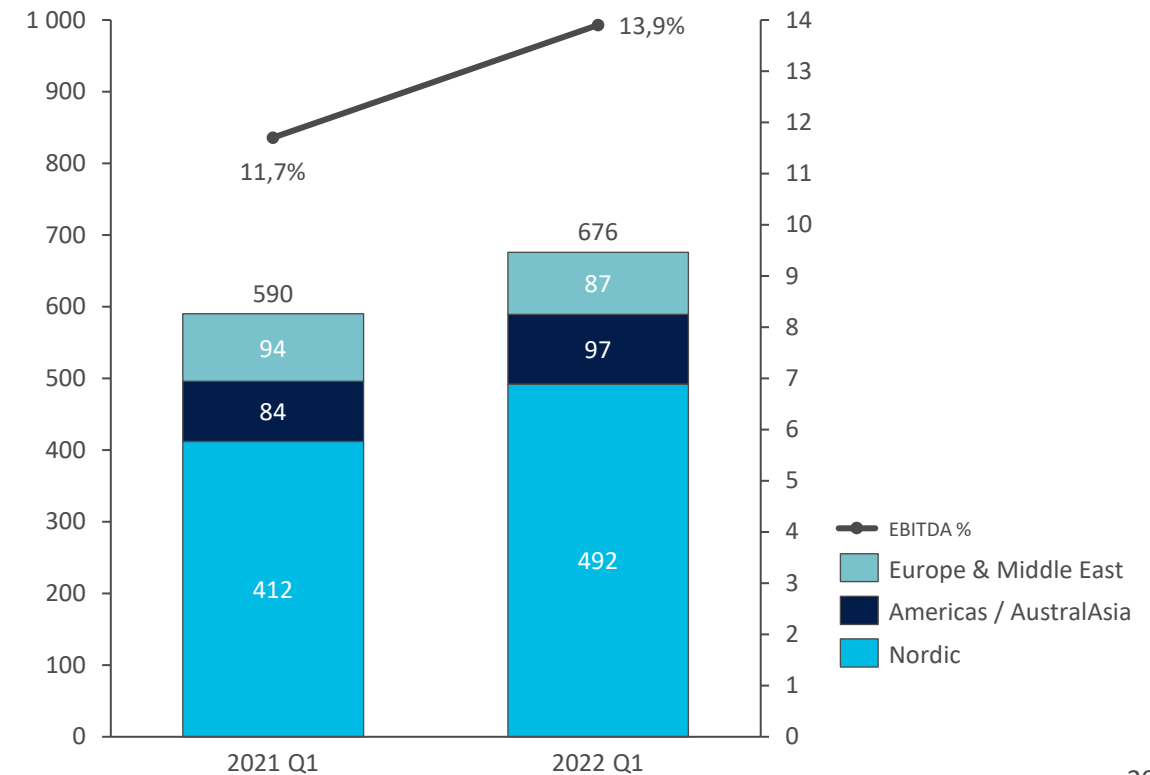
Americas

- 14% increase in revenue in Q1 22 compared to Q1 21
- Strong increase in order intake of 176% in Q4 21 compared to Q4 20

Europe & Middle East

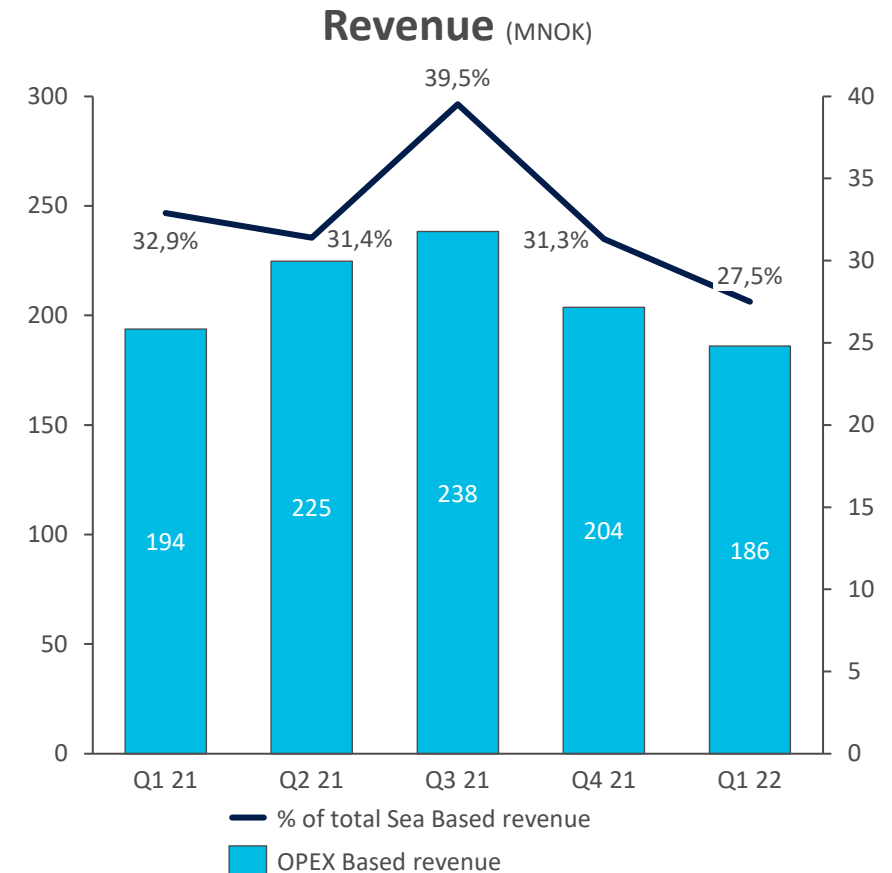
- Revenue and order intake reduced by 7% and 29% compared to Q1 21
- Low activity in the Export business due to the situation in Russia

Revenue (MNOK) and EBITDA-margin (%)



Development OPEX based revenue

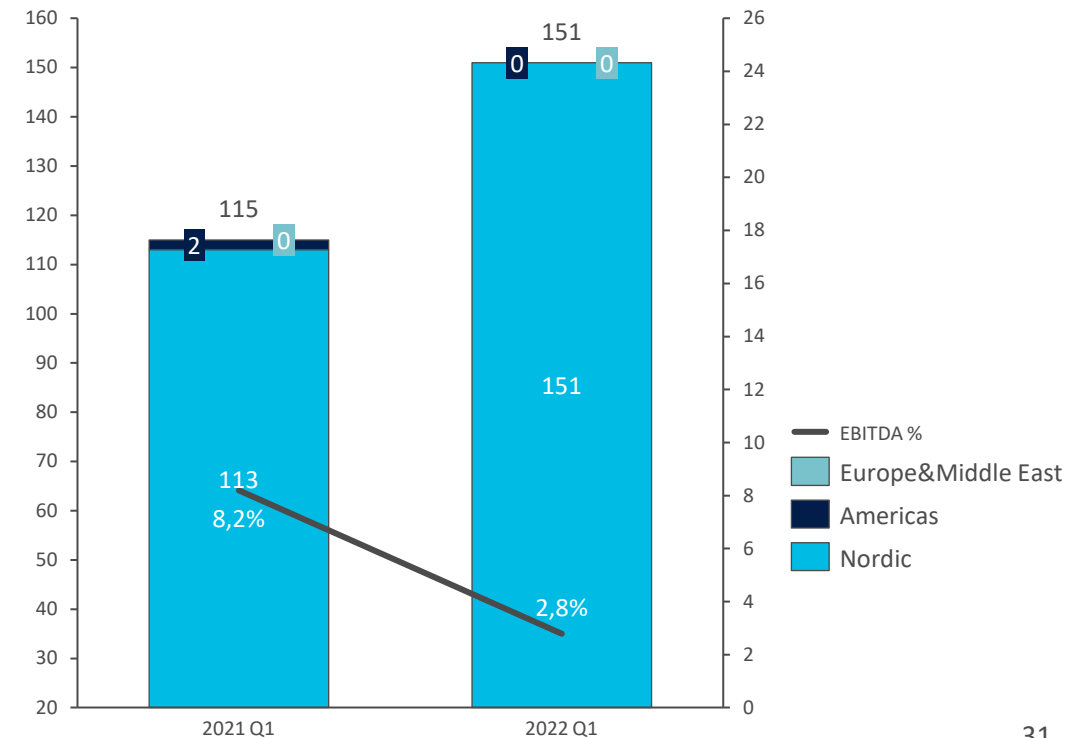
- Recurring revenue was MNOK 12 lower in Q1 22 compared to Q1 21
 - Adjusted for the sale of AKVA Marine Services (Q3 21) the recurring revenue increased by MNOK 7
- Acceptable activity level at the service stations in Norway during Q1 21 and at the same level as in Q1 21



Land Based Technology

- Order intake of MNOK 255 in the quarter compared to MNOK 69 in Q1 21
- Revenue increased by 32% in Q1 22 compared to Q1 21
- Progress according to plan on the full grow out project for Nordic Aqua Partners in China
- EBITDA of MNOK 4,2 compared to MNOK 9,4 in Q1 21
 - Profitability impacted by ramp up of project and innovation organization

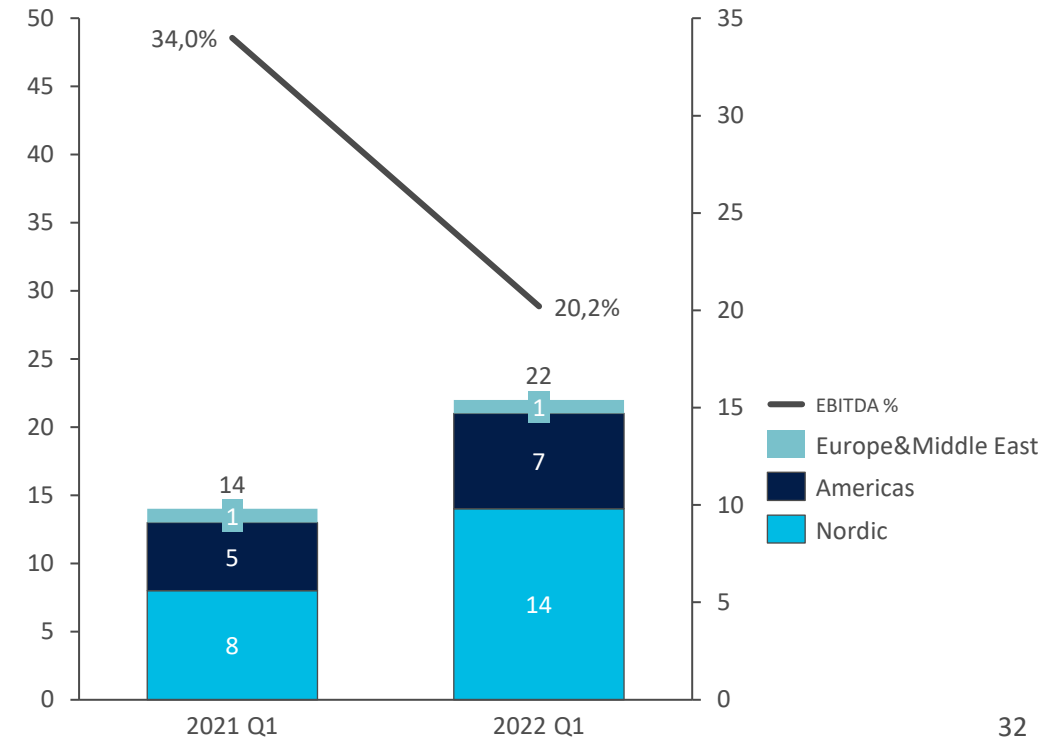
Revenue (MNOK) and EBITDA-margin (%)



Digital

- Revenue increased by 50% in Q1 22 compared to Q1 21
- Reduced EBITDA margin related to ramp-up of organization and investment in digital capabilities

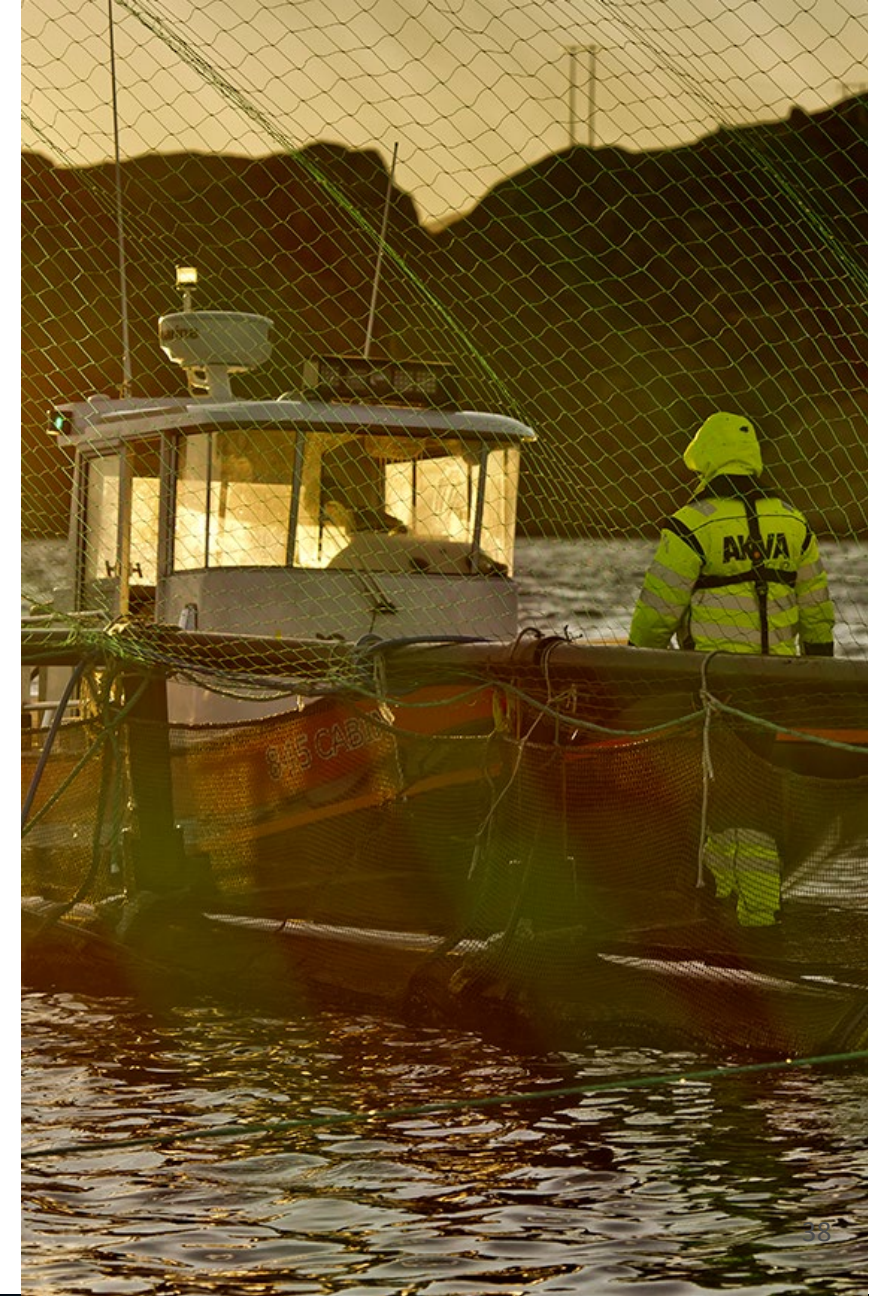
Revenue (MNOK) and EBITDA-margin (%)



 Outlook

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
- Long term fundamentals remains unchanged as presented in our Capital Markets Day in November 2020
- 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



Agenda | Q1 2022

Introduction and Highlights

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Q&A Session



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Appendix

AKVA group in brief



Leading
technology
and service
partner



Listed on
Oslo stock
exchange
since 2006



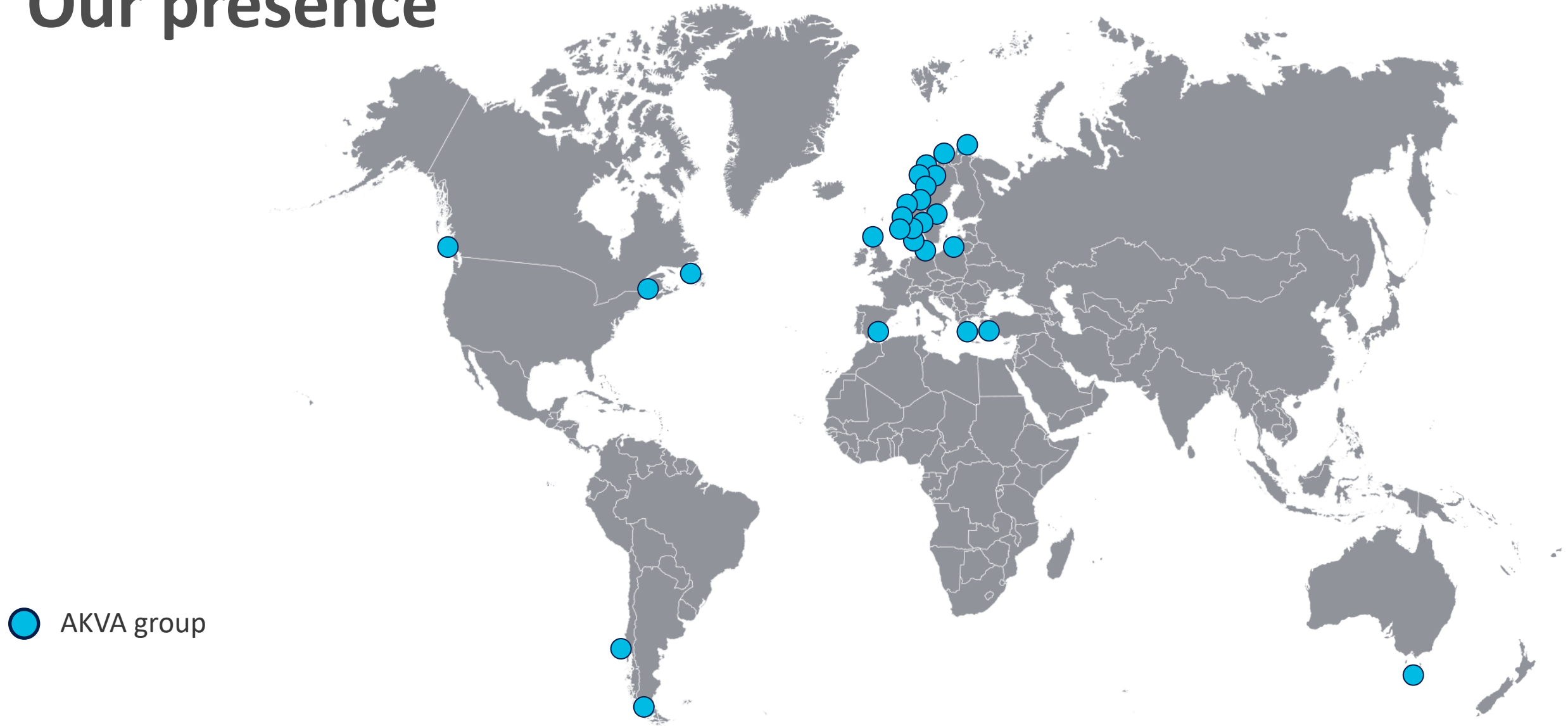
Deliveries
in 65
countries
over 40
years



Companies
in 11
countries.
1 453
employees



Our presence



Solutions

Sea Based



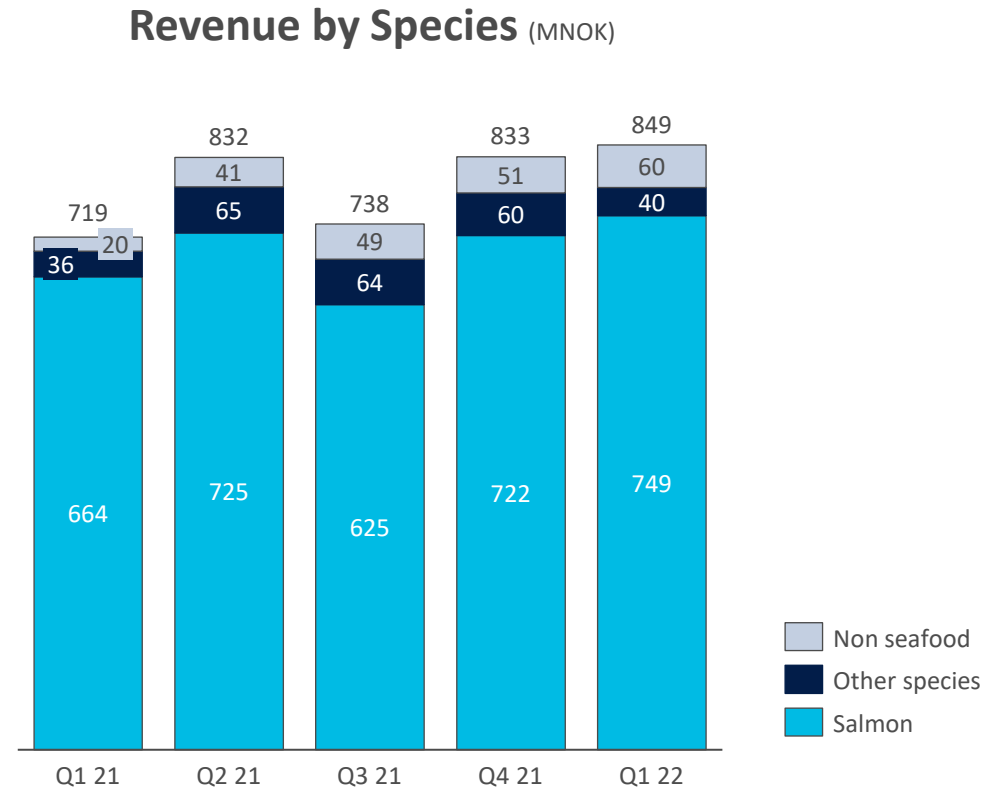
Land Based



Digital



Revenue by species



Balance sheet

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (NOK 1 000)		Note	2022 31.3.	2021 31.3.	2021 31.12.
Intangible fixed assets	1,3		950 561	1 033 874	934 157
Deferred tax assets			13 627	3 078	11 229
Fixed assets			632 605	736 389	642 568
Long-term financial assets			340 670	179 240	342 196
FIXED ASSETS			1 937 463	1 952 581	1 930 149
Stock			625 073	494 138	556 076
Trade receivables			624 096	570 068	550 787
Other receivables			131 470	76 058	105 091
Cash and cash equivalents			260 552	168 575	303 442
CURRENT ASSETS			1 641 191	1 308 838	1 515 397
TOTAL ASSETS			3 578 653	3 261 419	3 445 546
Paid in capital			1 208 117	880 175	1 208 539
Retained equity			94 858	115 181	88 346
Equity attributable to equity holders of AKVA group ASA			1 302 975	995 356	1 296 885
Non-controlling interests	1,3		160	148	140
TOTAL EQUITY			1 303 136	995 504	1 297 025
Deferred tax			33 858	45 974	21 187
Other long term debt			38 303	39 879	39 056
Lease Liability - Long-term			402 660	459 034	404 673
Long-term interest bearing debt	1		454 813	754 092	454 065
LONG-TERM DEBT			929 634	1 298 979	918 981
Short-term interest bearing debt	4		300 000	844	300 858
Lease Liability - Short-term			73 835	84 583	78 201
Other current liabilities			972 047	881 509	850 481
SHORT-TERM DEBT			1 345 883	966 936	1 229 540
TOTAL EQUITY AND DEBT			3 578 653	3 261 419	3 445 546

Cash flow statement

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW	2022	2021	2021
(NOK 1 000)	Q1	Q1	Total
Cash flow from operating activities			
Profit before taxes	47 368	-30 690	2 548
Taxes paid	-10 265	-8 462	-34 683
Share of profit(-)/loss(+) from associates	4 405	-2 112	-8 461
Net interest cost	10 115	4 926	38 868
Gain(-)/loss(+) on disposal of fixed assets	-99	0	-1 567
Gain(-)/loss(+) on financial fixed assets	1 363	7 521	10 342
Depreciation and amortization	43 572	47 000	182 662
Changes in stock, accounts receivable and trade payables	-124 871	-106 428	-108 105
Changes in other receivables and payables	87 984	112 880	22 221
Net foreign exchange difference	5 667	-17 503	-43 075
Cash generated from operating activities	65 238	7 133	60 751
Cash flow from investment activities			
Investments in fixed assets	-45 837	-9 096	-80 335
Proceeds from sale of fixed assets	4 861	0	2 626
Payment of shares and participations	-4 242	-30 803	-36 217
Net cash flow from investment activities	-45 218	-39 899	-113 926
Cash flow from financing activities			
Repayment of borrowings	-16 656	-26 023	-91 810
Proceed from borrowings	0	7 518	6 695
Loan issue	0	0	-22 142
Net interest paid	-10 115	-4 926	-40 337
Dividend payment	-36 668	0	-32 956
Equity issue	0	0	321 676
Net cash flow from financing activities	-63 439	-23 432	141 126
Net change in cash and cash equivalents	-43 419	-56 198	87 952
Net foreign exchange differences	529	-112	-6 107
Cash and cash equivalents at beginning of period	303 442	224 884	224 884
Cash and cash equivalents divested entities	0	0	-3 287
Cash and cash equivalents at end of period	260 552	168 575	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
1 428 634	3,9 %	PARETO AKSJE NORGE VERDIPAPIRFOND		NOR
995 928	2,7 %	SIX SIS AG	Nominee	CHE
926 818	2,5 %	VERDIPAPIRFONDET NORDEA KAPITAL		NOR
826 802	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
33 665 848	91,8 %	20 largest shareholders		
3 001 885	8,2 %	Other shareholders		
36 667 733	100,0 %	Total shares		

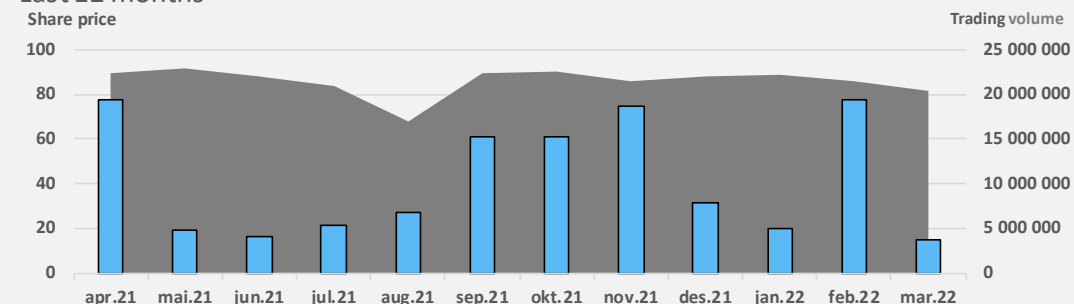
Origin of shareholders, 5 largest countries

No of shares	%	Origin	No of shareholders
28 045 177	76,5 %	Norway	1320
6 605 192	18,0 %	Israel	2
1 047 743	2,9 %	Switzerland	6
346 143	0,9 %	Luxembourg	2
302 576	0,8 %	Finland	3
104 031	0,3 %	Denmark	24
45 673	0,1 %	Ireland	18

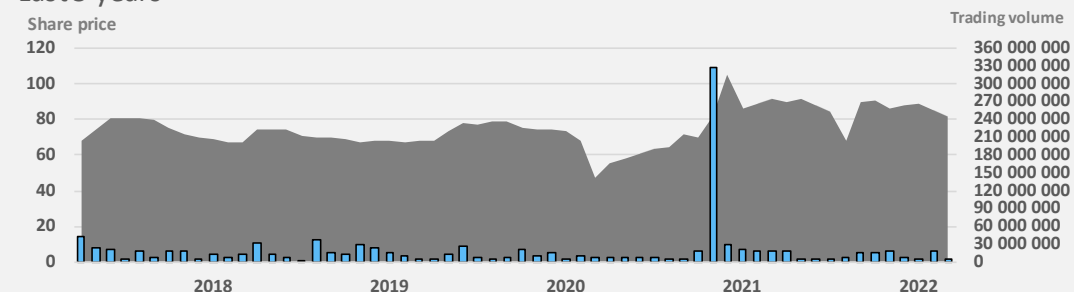
Total number of shareholders: 1487 - from 31 different countries

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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