

Q4 2021 Presentation

Oslo, 11 February 2022

Knut Nesse, CEO

Ronny Meinkøhn, CFO





Technology for sustainable biology

Agenda | Q4 2021

Highlights and Outlook

Knut Nesse, CEO

Financial Performance

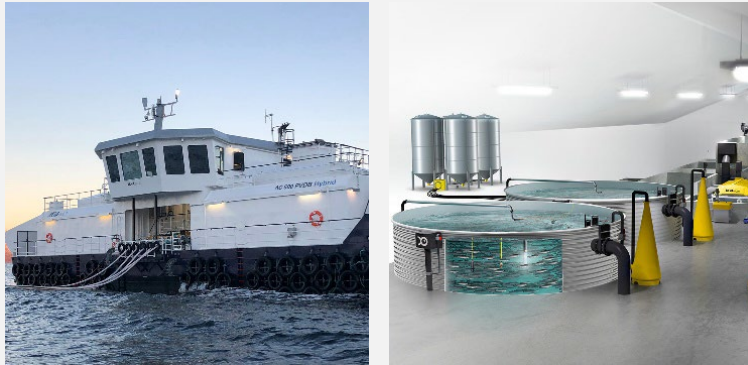
Ronny Meinkøhn, CFO

Q&A Session



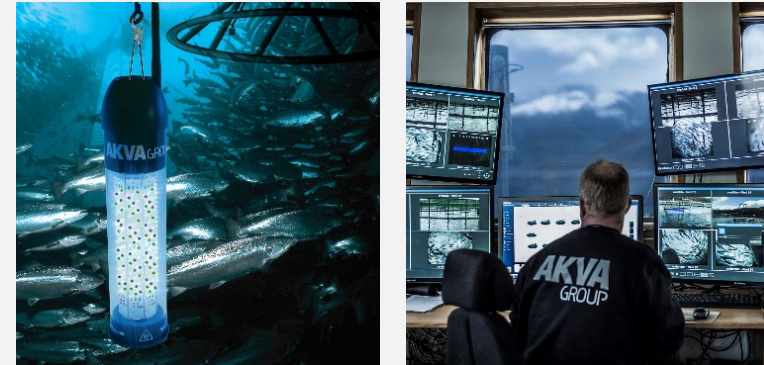
Highlights | Q4 2021

Operation



- High market activity
- Limited impact from the COVID-19 restrictions
- Private placement of MNOK 321.7 completed in October
- A dividend of NOK 1 per share to be paid in Q1 2022

Innovation and Digital

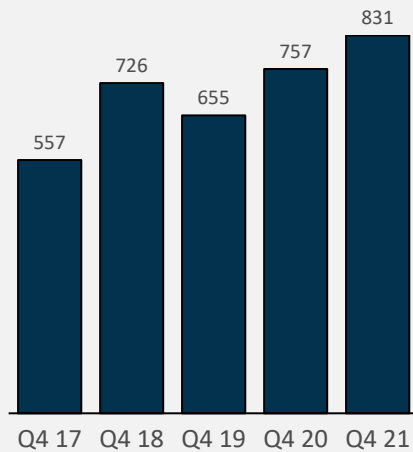


- Continued high focus on developing capabilities within Land Based technology and advisory services
- Further development of deep-sea open farming concepts is crucial for strengthening the Sea Based business segment
- Strategic review of Digital business segment completed with clear ambitions and expectations of strong organic growth

Key figures | Q4 2021

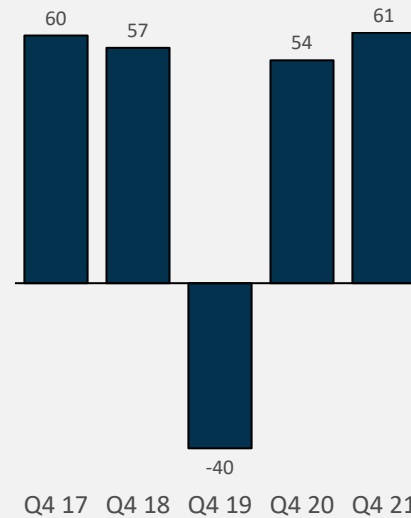
Revenue

831 MNOK



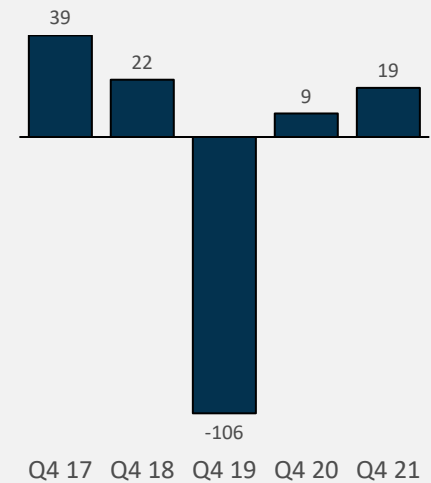
EBITDA

61 MNOK



EBIT

19 MNOK

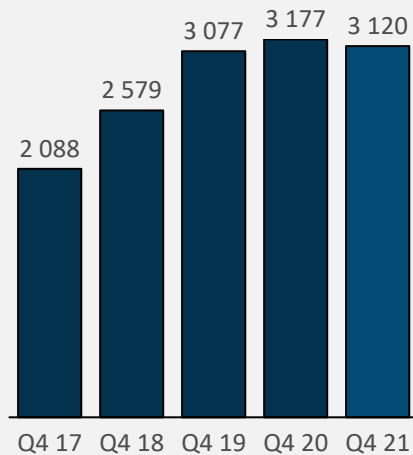


Note: IFRS 16 was implemented January 2019. Comparable figures for the period 2017-2018 have not been prepared

Key figures | Full year 2021

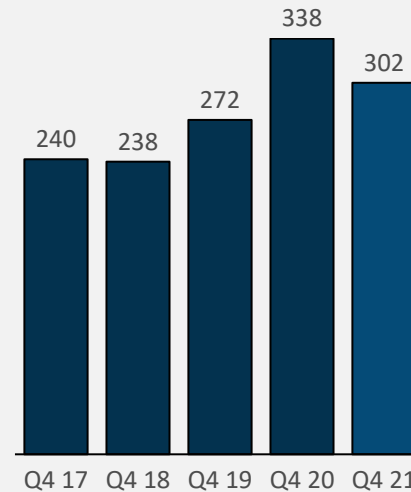
Revenue

3 120 MNOK



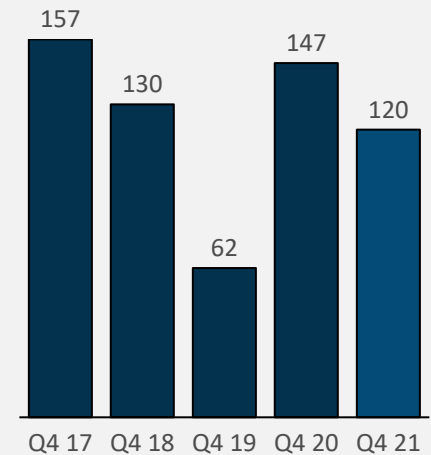
EBITDA excluding cyber-attack costs*

302 MNOK



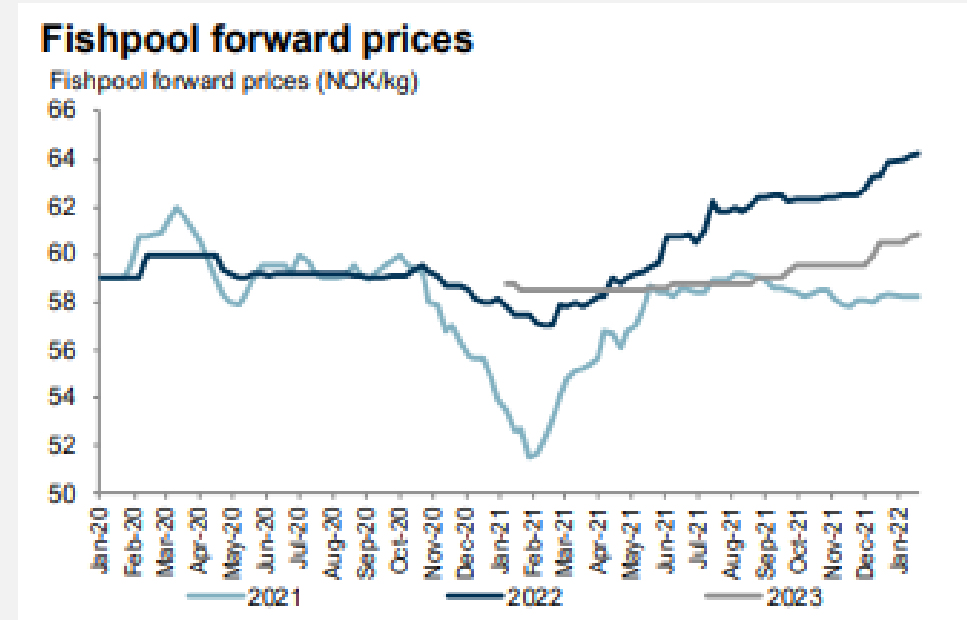
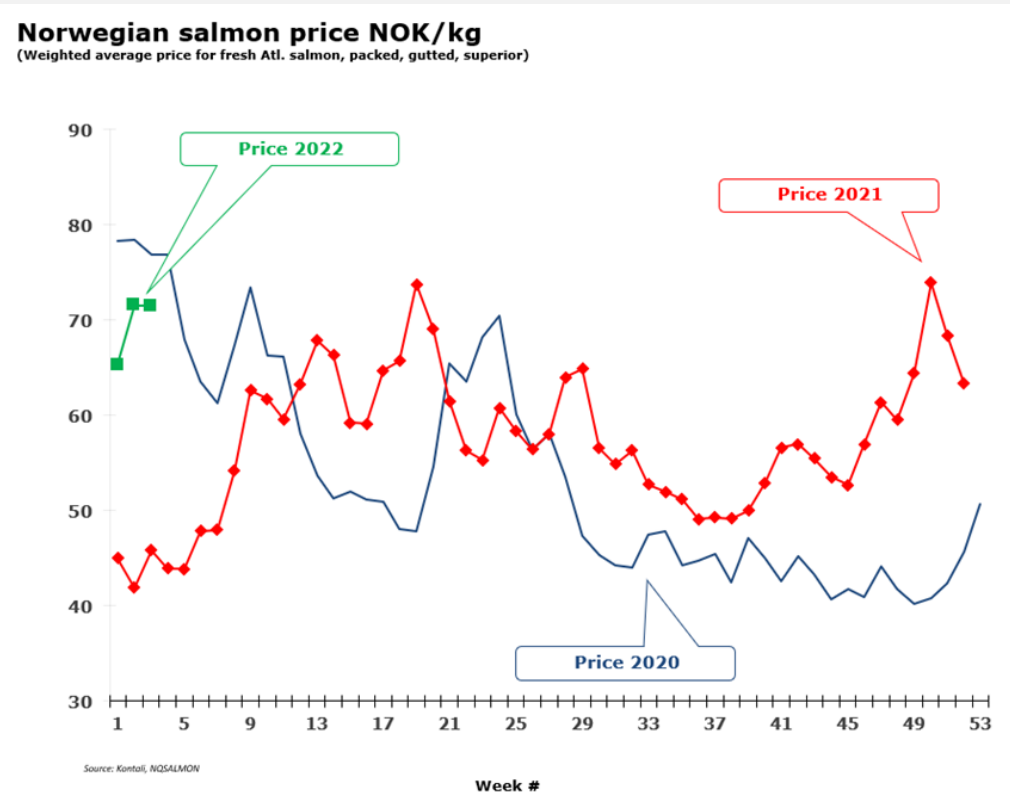
EBIT excluding cyber-attack costs*

120 MNOK



Notes:
- IFRS 16 was implemented January 2019. Comparable figures for the period 2017-2018 have not been prepared
- Costs of 49,7 MNOK related to cyber-attack in Q1 21 are excluded

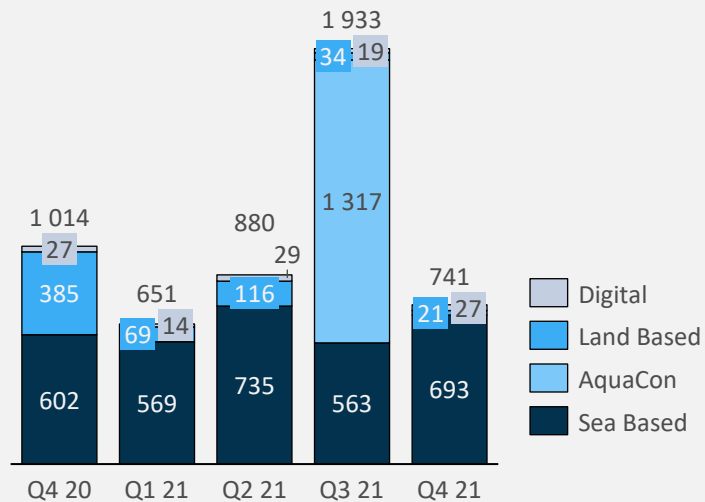
Market development



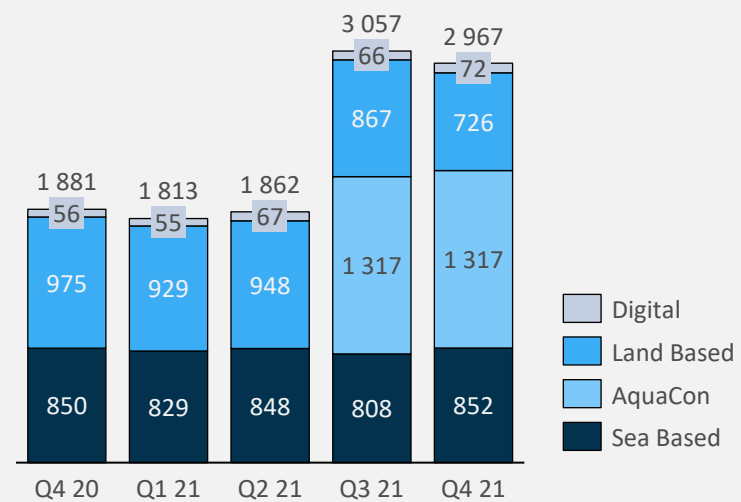
Source: [Pareto Seafood Price Update](#) 27.01.2022

Development order intake and order backlog

Order intake (MNOK)



Order backlog (MNOK)



***Notes:**

- 1 317 MNOK in order backlog related to AquaCon is subject to financing
- Order backlog is reduced by MNOK 79 in Q3 related to the divestment of AKVA Marine Services AS

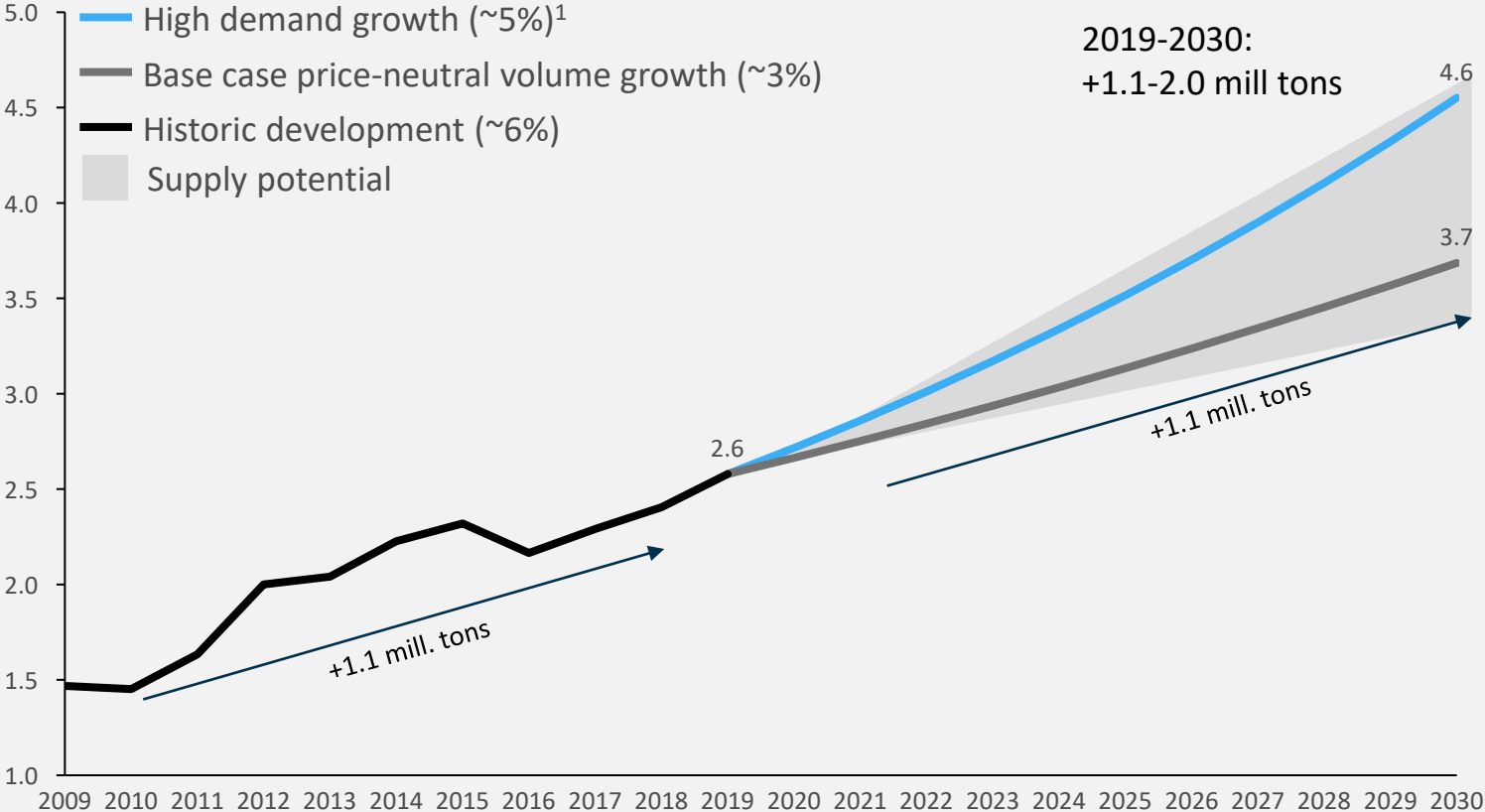


Strategic Status

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

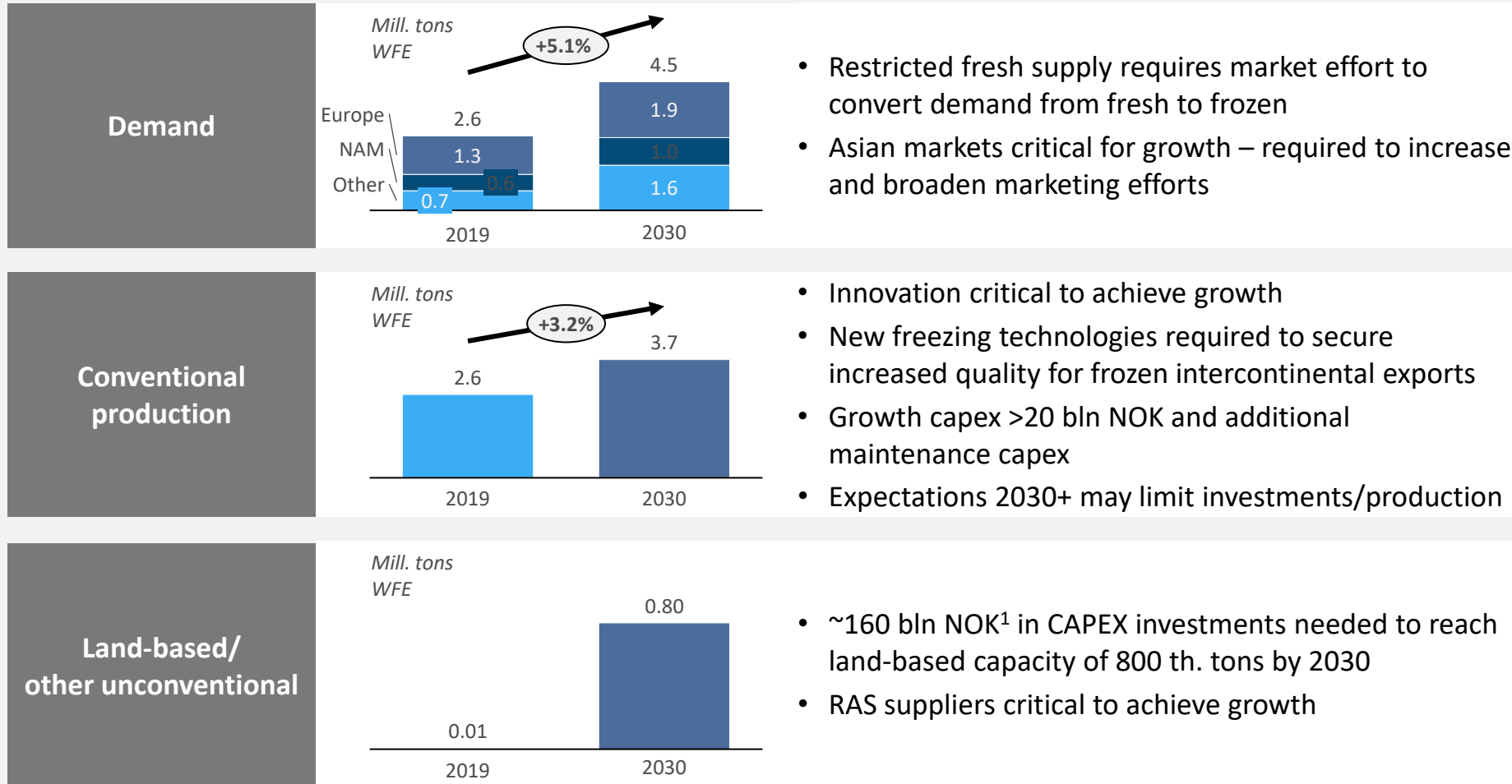
Consumption of salmon WFE in mill. tons



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



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

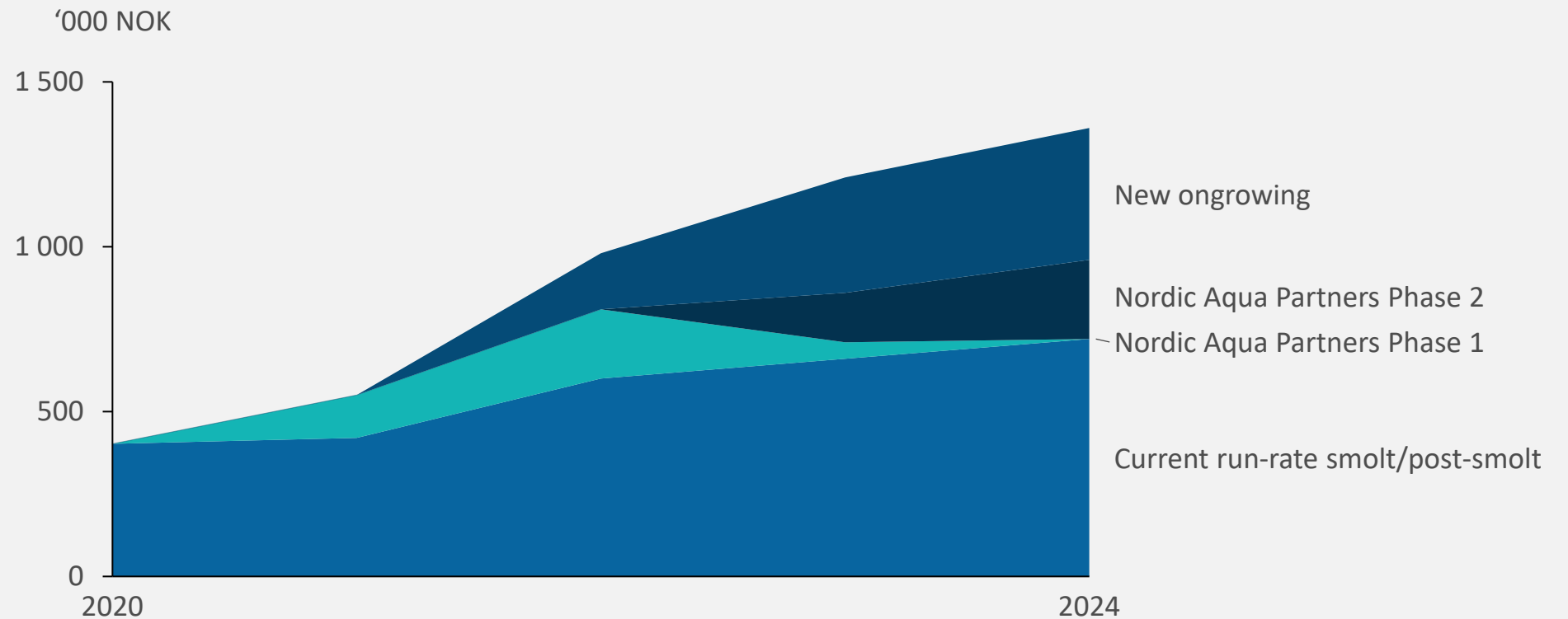
Production Advisory Services – RAS production competence group helping customers maximizing output and reducing cost

Standard 5,000 tonnes modules

Build up LB organization in Norway

AKVA group Innovation agenda – Centre of Excellence

On track for ramping up of Land Based activity to a run-rate of 1 billion NOK



* For illustration purposes only

Precision Farming Sea based Solutions



Marine Infrastructure

for secure containment and efficient operations

- Plastic and Steel pens
- Nets
- Moorings
- Boats
- Net Cleaning services and FNC8s

Precision Feeding

for optimizing feed conversion and growth

- Barges
- Feed systems
- Camera systems
- AKVAconnect
- AKVA Observe
- Fishtalk

Digital

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

- AKVAconnect
- AKVA Observe
- Fishtalk

Lice Solution

to minimize number of lice treatments (Farmer's "license to operate")

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

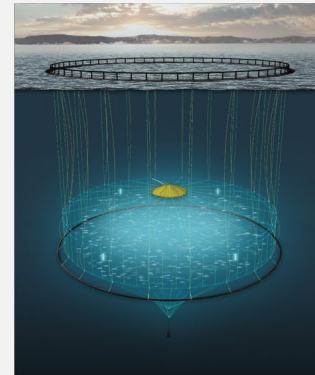
High focus to further develop deep-sea farming concepts

Benefits from deep-sea farming

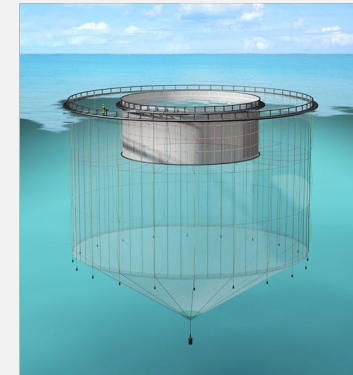
- Avoid or reduce unwanted surface influences like lice, algae, currents, high temperatures. TM
- Better fish health and reduced mortality
- Improved fish welfare and reduced frequency and cost of reactive lice treatments
- Facilitate salmon farming at more exposed sites
- Knowledge-based development 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

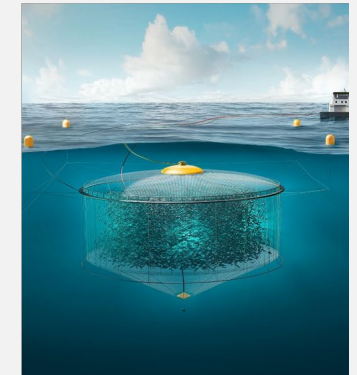
NAUTILUS



TUBENET™



ATLANTIS SUBSEA FARMING



Key digital trends in Aquaculture - Fusing



**Digital
Products &
Services**



**Land based
Farming**



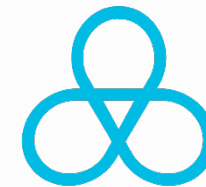
**Sea Based
Farming**



**Remote
Operations**



**Precision Fish
Farming**



Business Ecosystem

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





"We can't imagine running our operation without Fishtalk. It offers a unique insight and solid understanding of fish biology"
Tone Småge, Måsøval Fiskeoppdrett AS



Easy production planning of different scenarios and conditions makes comparing strategies effortless and mathematically optimize your production plans

Ties biological and economical figures together, providing in-depth information for all organization levels. Distributes costs, calculates stock value and production costs. Make budgets and rolling forecast.

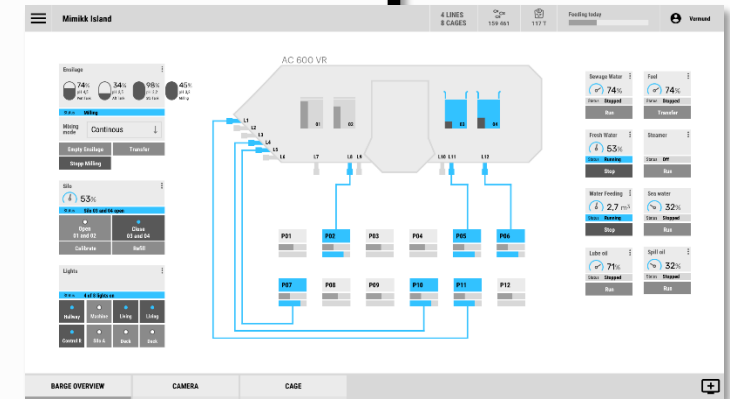
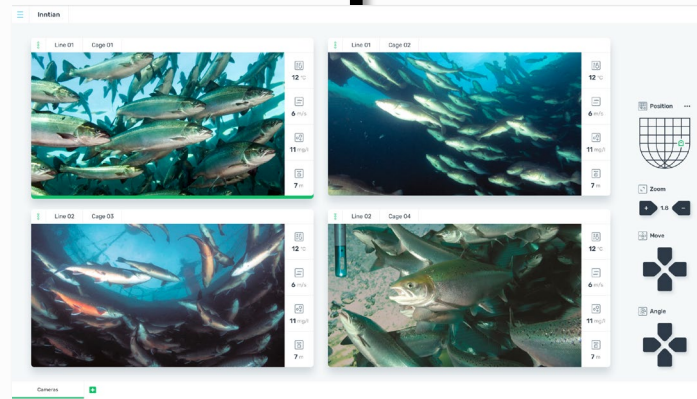


Offers total control of your biological production. Modular and flexible configuration making it suitable for any farmer.

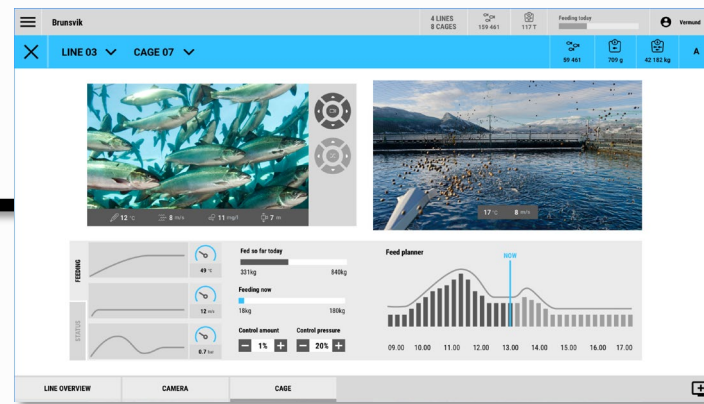
Camera Feeding



Barge Control Control Room



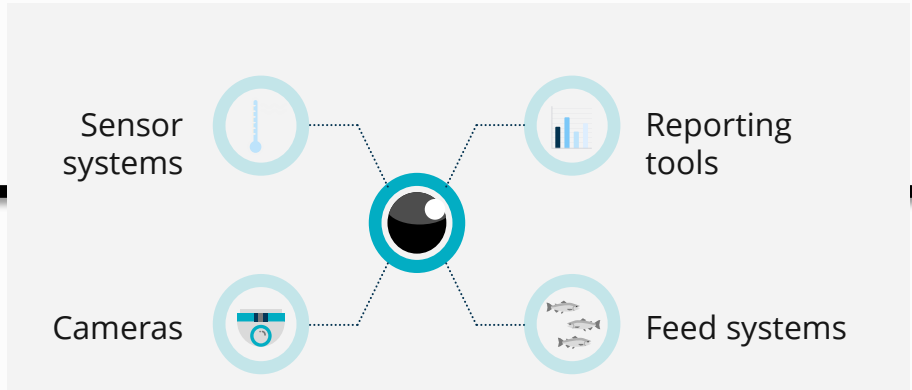
Camera Control



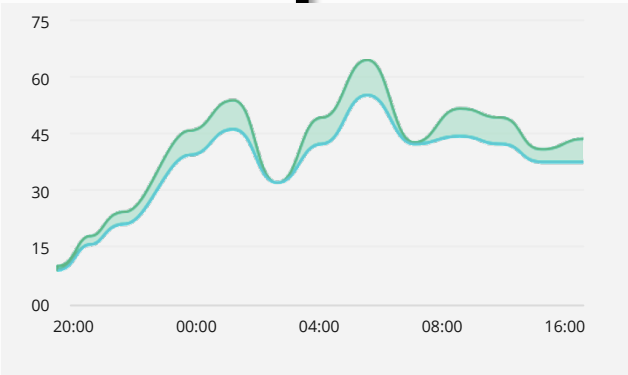
Feeding Control Flexible Feeding Waterborn Feeding



Unify data streams



Recommend & Automate



Learn from AI outputs

Observe
technologies

Aquaculture powered by Artificial Intelligence



Simulate Decisions



Case studies

Proving our value around the world



FCR reduction

Up to 10% reduction seen

An example Chilean site had **1.18 FCR** previous cycle.

Using the recommendation package, they were able to reduce their FCR to **1.06**.



Growth Increase

Up to 3% increase in growth

An example Australian site saw a **3% increase of growth** in pens using the recommendation package to the ones without (first 6 months of a cycle).



Training Time decrease

70% reduction in training time

An example Canadian site, had a shortage of feeders. Observe helped to **reduce training time of new feeders by 70%** allowing for moments to capitalise on growth and reduce feed costs.



Fish Welfare alert

~£100,000 saved on treatment

An example Scottish company used our weekly emails to identify **health issues ~1 week in advance before the disease** before spreading to other pens.

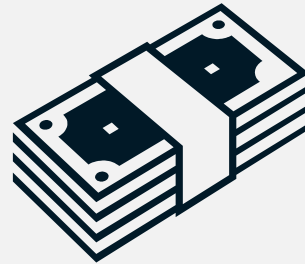
Strategic guidance



Organic topline growth



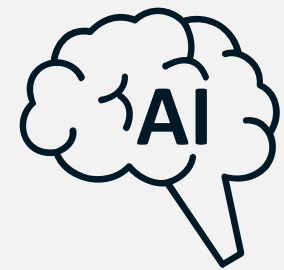
Operational excellence



- 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: AKVAconnect, AKVA Observe and Fishtalk

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Introduction and Highlights

Knut Nesse, CEO

Financial Performance

Ronny Meinkøhn, CFO

Q&A Session



Q4 2021 – Income statement

- Revenue increased by MNOK 74 compared to Q4 20
- Higher profit in Q4 21 compared to Q4 20 is all related to higher activity level
- MNOK 19 higher financial costs in Q4 21 compared to Q4 20 relates mainly to currency losses and partly to lower share price on investment in Nordic Aqua Partners

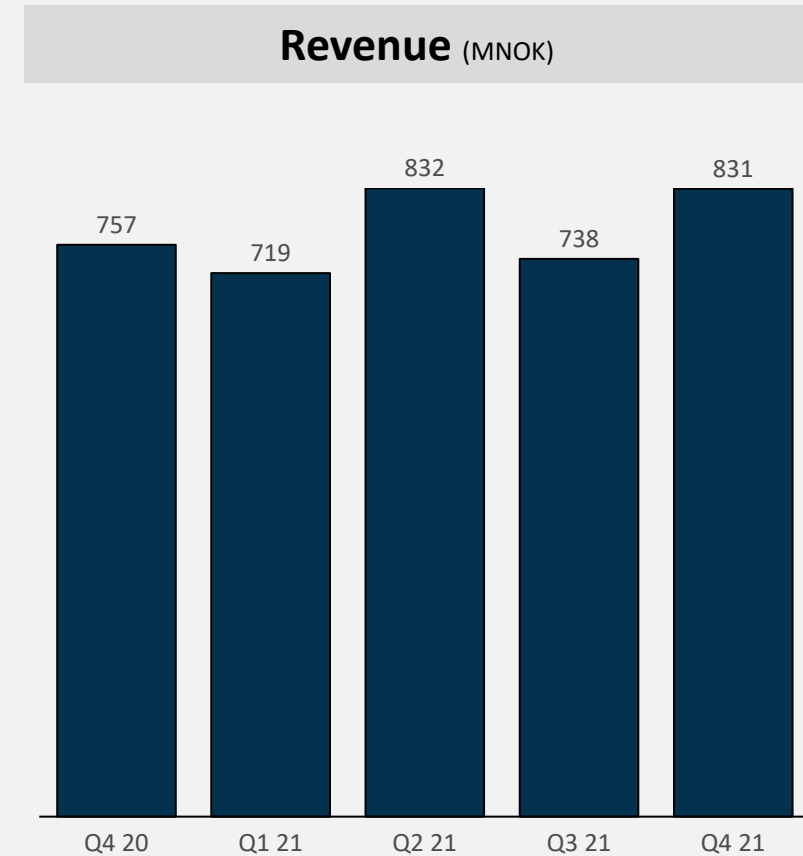
NOK million	2021 Q4	2020 Q4	2021 YTD	2020 YTD
Revenue	831	757	3 120	3 177
EBITDA	61	54	252	338
EBITDA margin	7,3 %	7,1 %	8,1 %	10,6 %
EBITDA ex. cyber-attack costs¹	61	54	302	338
EBITDA margin ex. cyber-attack costs ¹	7,3 %	7,1 %	9,7 %	10,6 %
Depreciation, amortization and impairment	42	44	183	191
EBIT	19	9	70	147
EBIT margin	2,3 %	1,2 %	2,2 %	4,6 %
EBIT ex. cyber-attack costs¹	19	9	120	147
EBIT margin ex. cyber-attack costs ¹	2,3 %	1,2 %	3,8 %	4,6 %
Net Financial Items	-19	0	-67	-26
Income (loss) before tax	-0	10	3	121
Income (loss) before tax ex. cyber-attack costs¹	-0	10	52	121
Income tax ²	-6	3	-9	31
Net income (loss)	6	7	11	91
Net income (loss) ex. cyber-attack costs ¹	6	7	50	91
Earnings per share (NOK)	0,16	0,22	0,34	2,73
Earnings per share (NOK) ex. special items ²	0,16	0,22	1,49	2,73

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

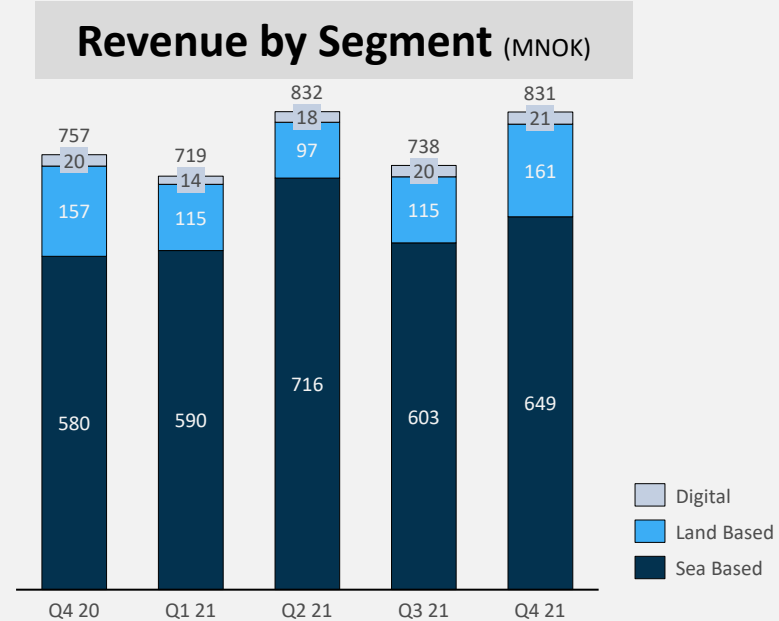
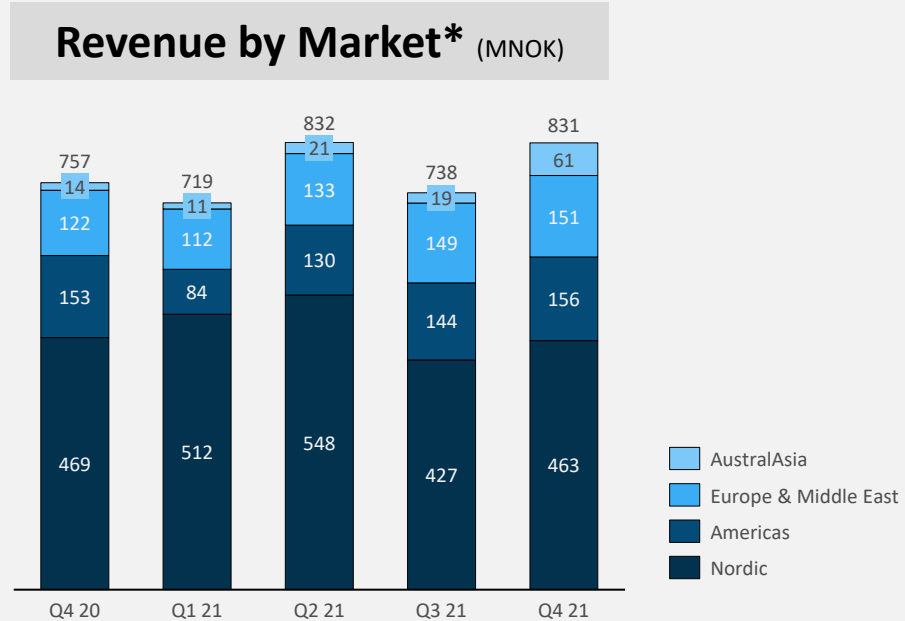
² Income tax 2021 based on best estimate

Revenue development

- Last twelve months order intake and revenue of MNOK 4,205 and MNOK 3,120, respectively
- Revenue increased by 10% compared to Q4 20
- Increased activity in all three business segments in Q4 21 compared to Q4 20



Revenue by Market and Segment



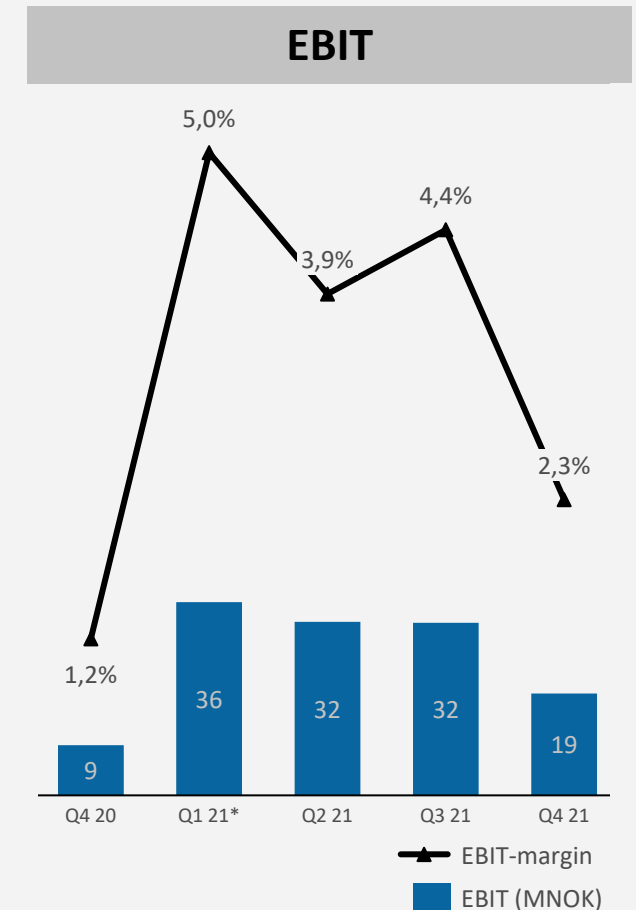
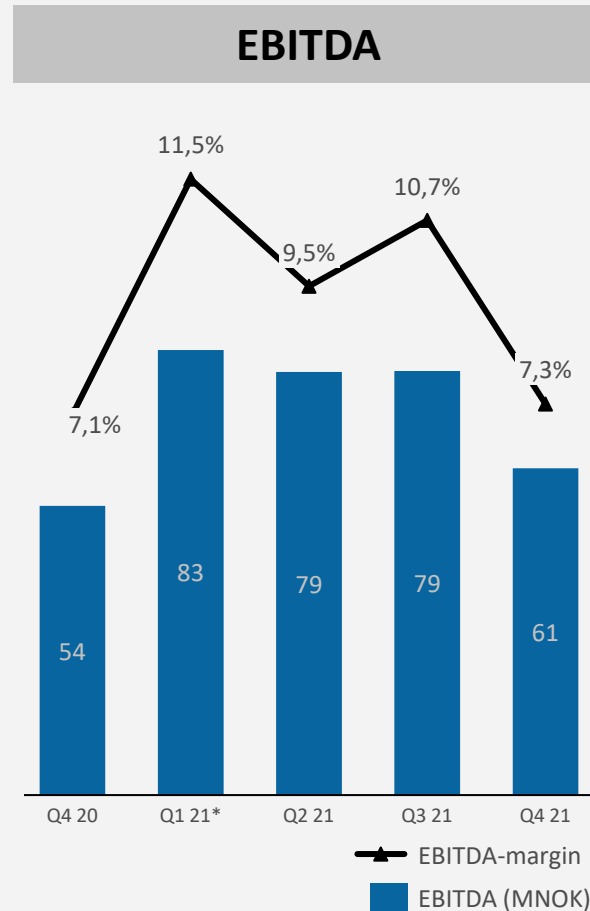
- Significant increase of revenue in Australasia market in Q4 21 due to Land Based project with Nordic Aqua Partners
- Positive trend continues in Americas and Europe & Middle East

- Sea Based represents 78% of total revenue in Q4 21

* Note: Market definition is location of customer

EBITDA and EBIT development

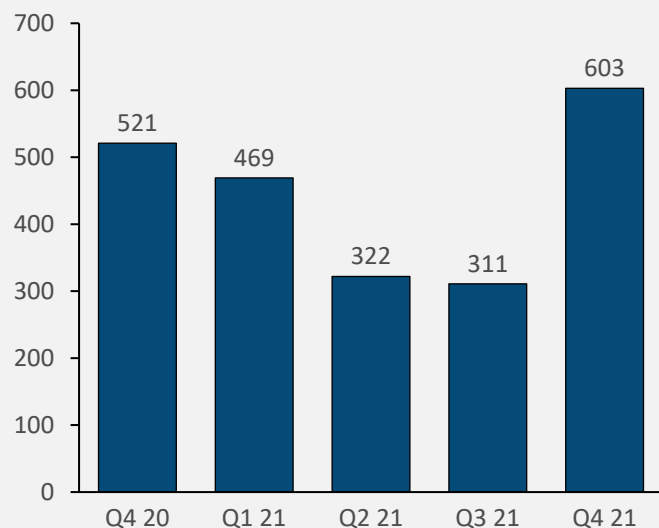
- EBITDA of MNOK 61 / 7,3% in Q4 21
- Increased profit compared to Q4 20 is related to higher activity level
- Challenging profit margins within certain products due to supply chain restrictions and cost inflations



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

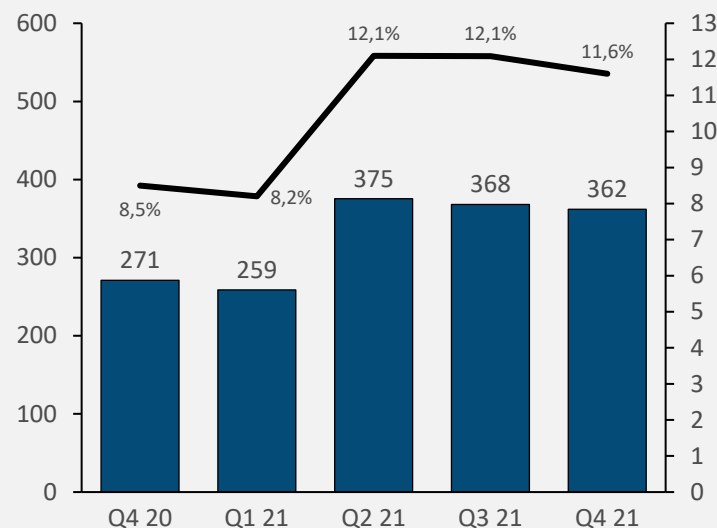
Cash flow and financial position

Available cash

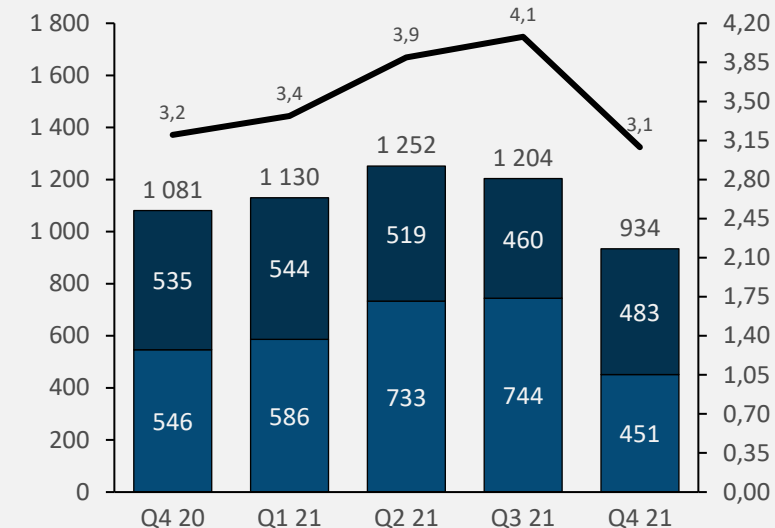


- Including a MNOK 300 available credit facility in Danske Bank
- Private placement of MNOK 322 completed in Q4

Net Working capital



Net debt / EBITDA*

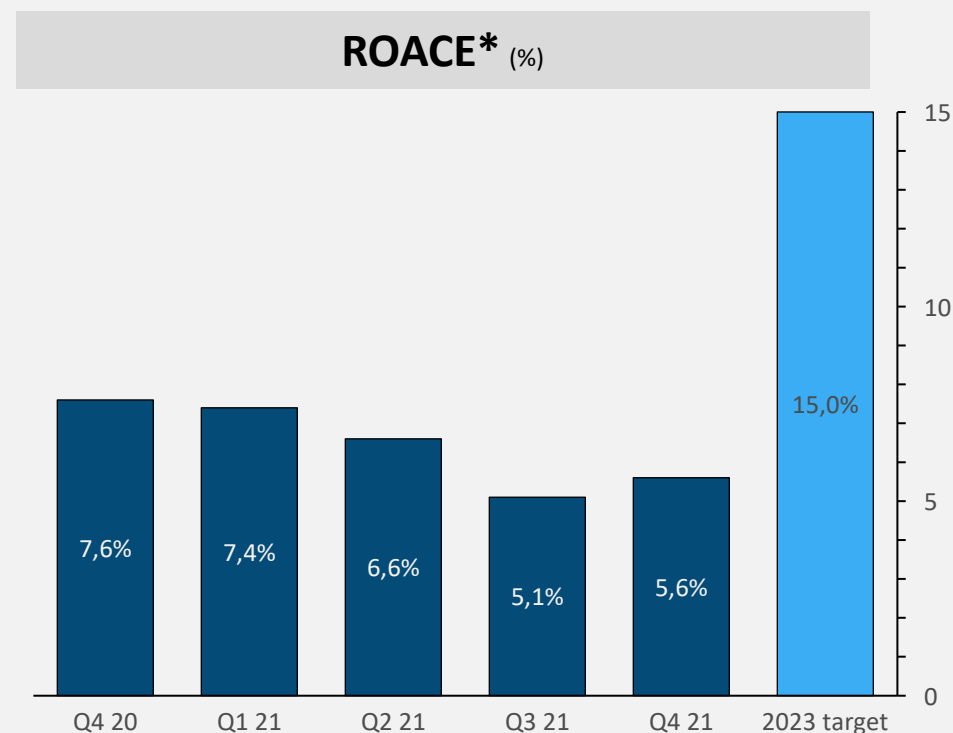


- NIBD/EBITDA (12 mth rolling)
 - NIBD
 - Lease Liability (IFRS 16)
- NIBD/EBITDA covenant threshold of 4,25

*Note: NIBD/EBITDA ratio for the period Q1 20 to Q4 20 is adjusted for non-recurring items of MNOK 108 and in 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 5,1% in Q3 21 to 5,6% in Q4 21
- Target of minimum 15% in 2023 remains unchanged

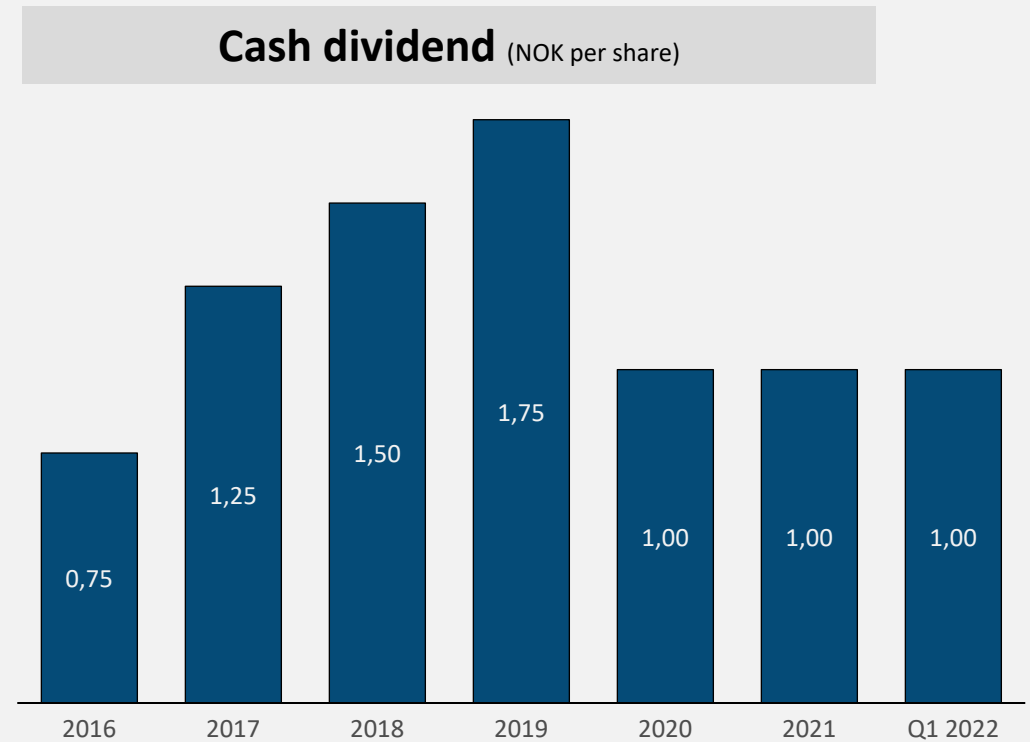


- ROACE is calculated with the average balance sheet items last four quarters
- ROACE is calculated ex balance sheet items of IFRS 16

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

Dividend

- A dividend of NOK 1 per share to be paid in Q1 2022





Business segments

Sea Based Technology

- Revenue and order intake increased by 12% and 15% in Q4 21 compared to Q4 20

Nordic

- Revenue increased by 4% in Q4 21 compared to Q4 20
- Total order intake of MNOK 384 and 13% increase compared to Q3 20

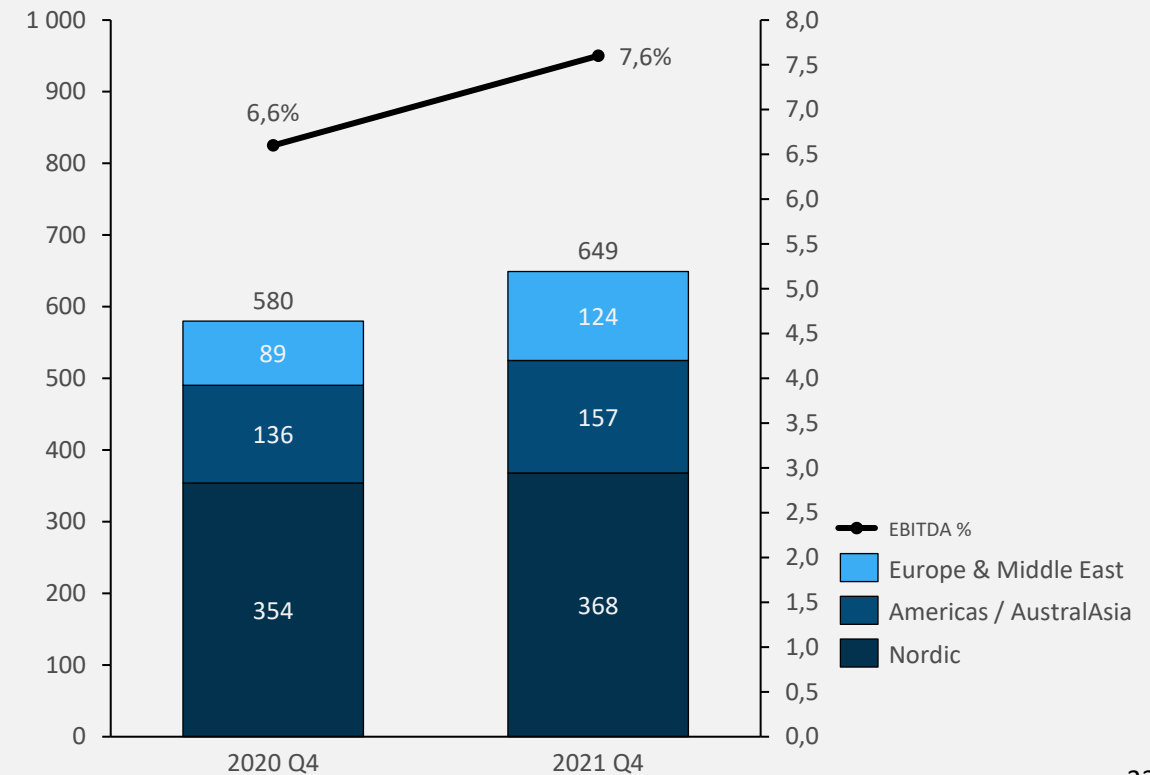
Americas

- 13% increase in revenue in Q4 21 compared to Q4 20
- Decrease in order intake of 31% in Q4 21 compared to Q4 20

Europe & Middle East

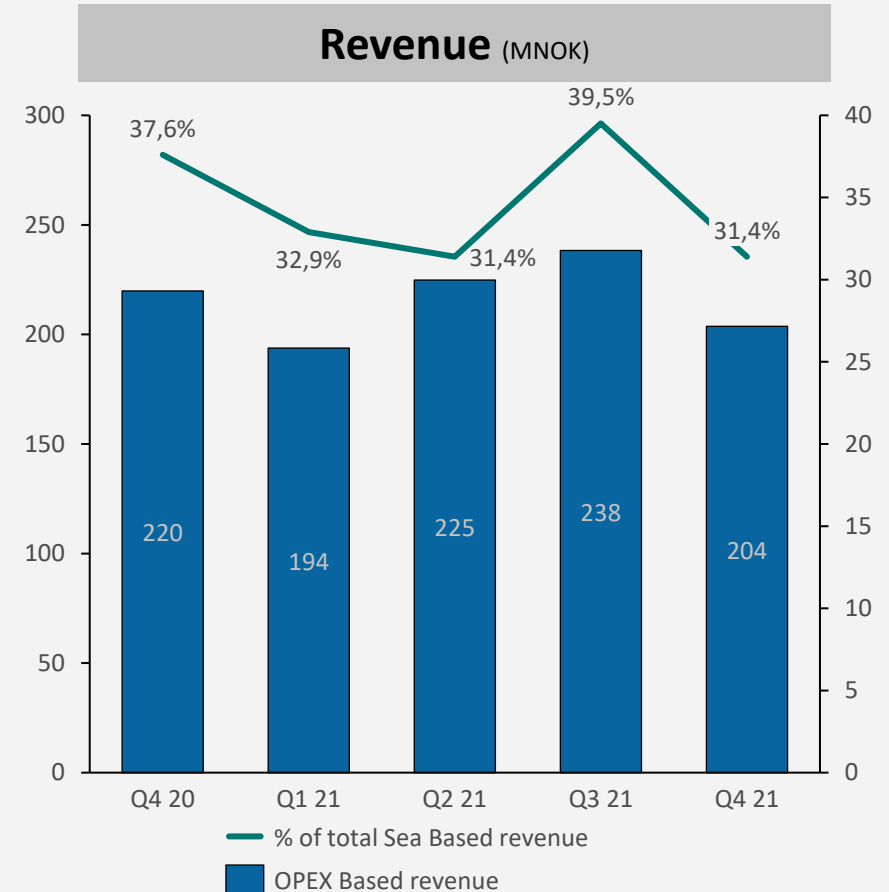
- Strong increase in revenue and order intake of 28% and 85% compared to Q4 20

Revenue (MNOK) and EBITDA-margin (%)



Development OPEX based revenue

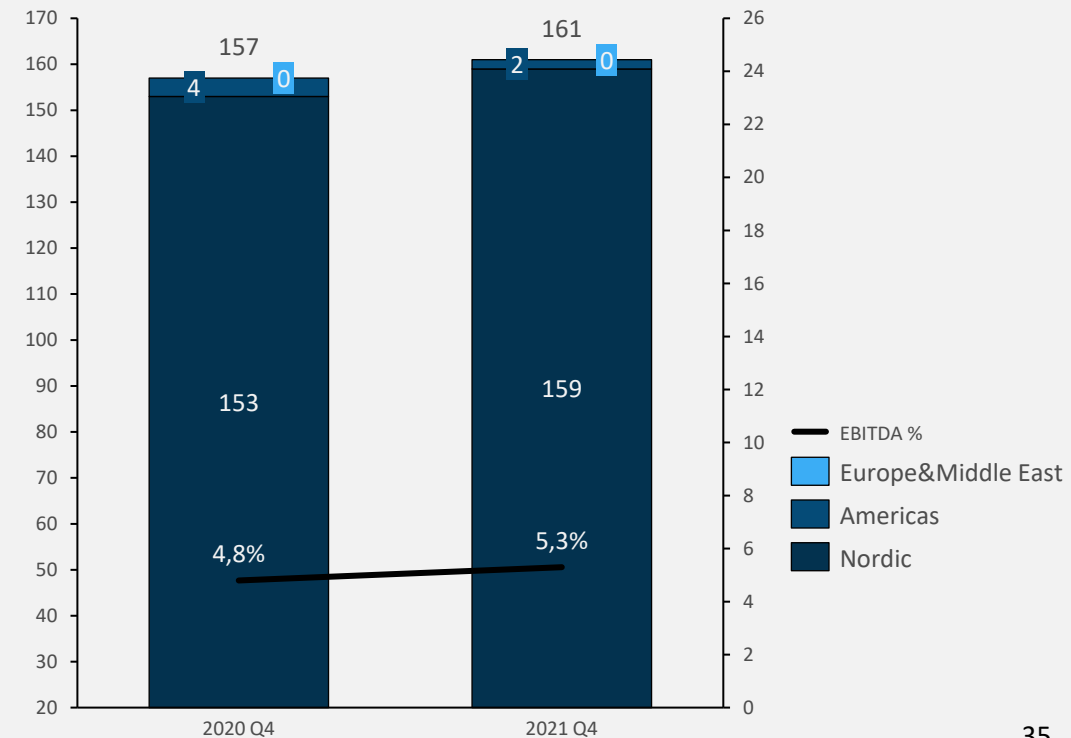
- Recurring revenue was 16 MNOK lower in Q4 21 compared to Q4 20
- Adjusted for the sale of AKVA Marine Services the recurring revenue increased MNOK by 4 in Q4 21 compared to Q4 20
- Overall, the activity level at service stations in Norway were high during Q4



Land Based Technology

- Order intake of MNOK 21 in the quarter compared to MNOK 385 in Q4 2020
- Revenue increased by 2% in Q4 21 compared to Q4 20
- Increased activity on the full grow out project for Nordic Aqua Partners in China
- EBITDA of MNOK 8,5 compared to MNOK 7,5 in Q4 20

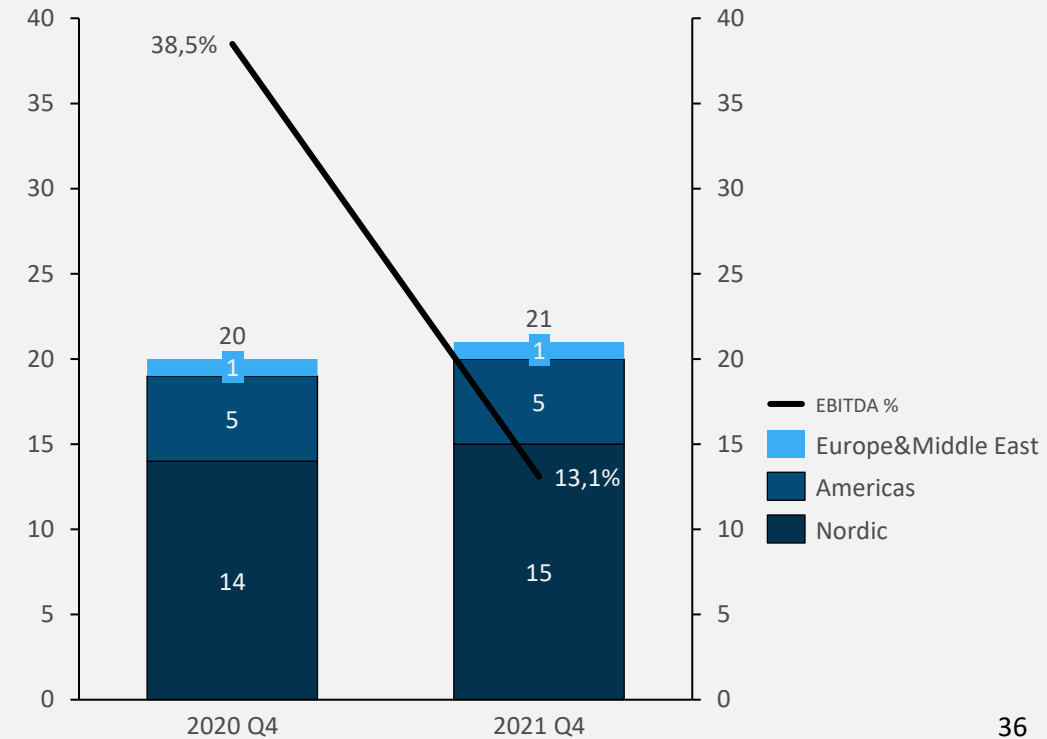
Revenue (MNOK) and EBITDA-margin (%)



Digital

- Revenue increased by 6% in Q4 21 compared to Q4 20
- Reduced EBITDA margin related to ramp-up of organization

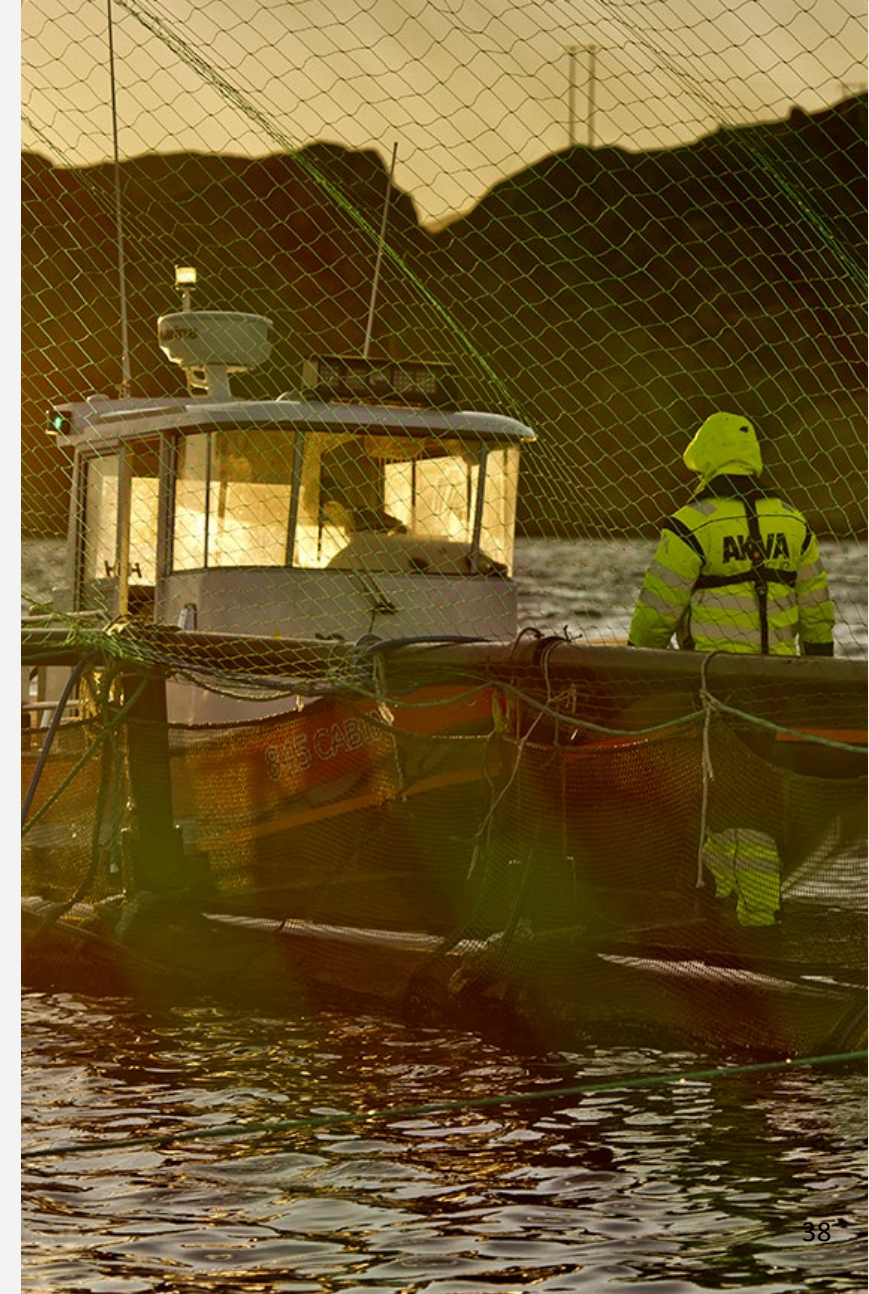
Revenue (MNOK) and EBITDA-margin (%)



 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
- Private placement of MNOK 321,7 will accelerate our strategic agenda within all three business segments and the establishment of investment platform will facilitate our organic growth ambition within the Land Based business segment
- 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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Q&A Session



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Appendix

AKVA group in brief



Leading
technology
and service
partner



Listed on
Oslo stock
exchange
since 2006



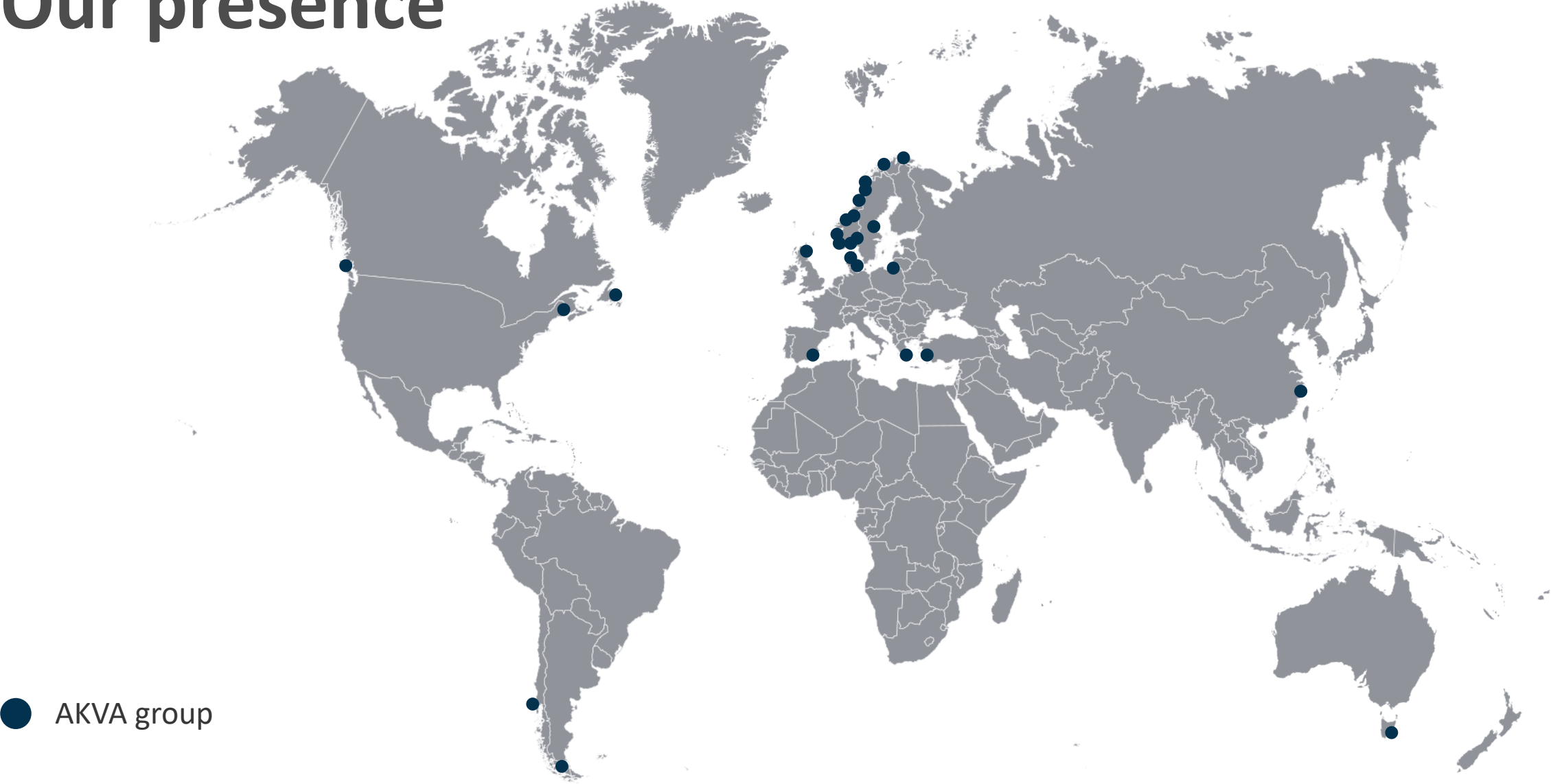
Deliveries
in 65
countries
over 40
years



Companies
in 11
countries.
1 414
employees



Our presence



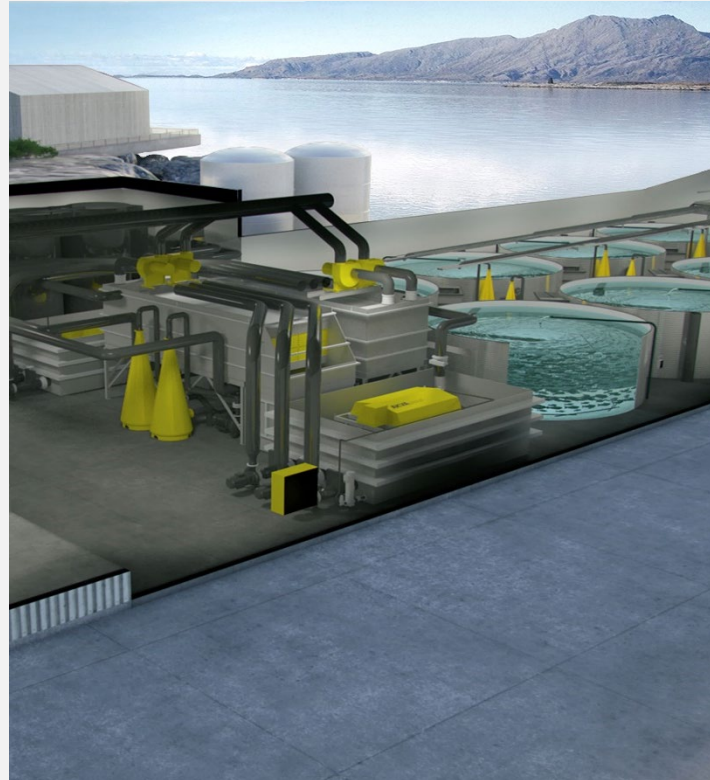
● AKVA group

Solutions

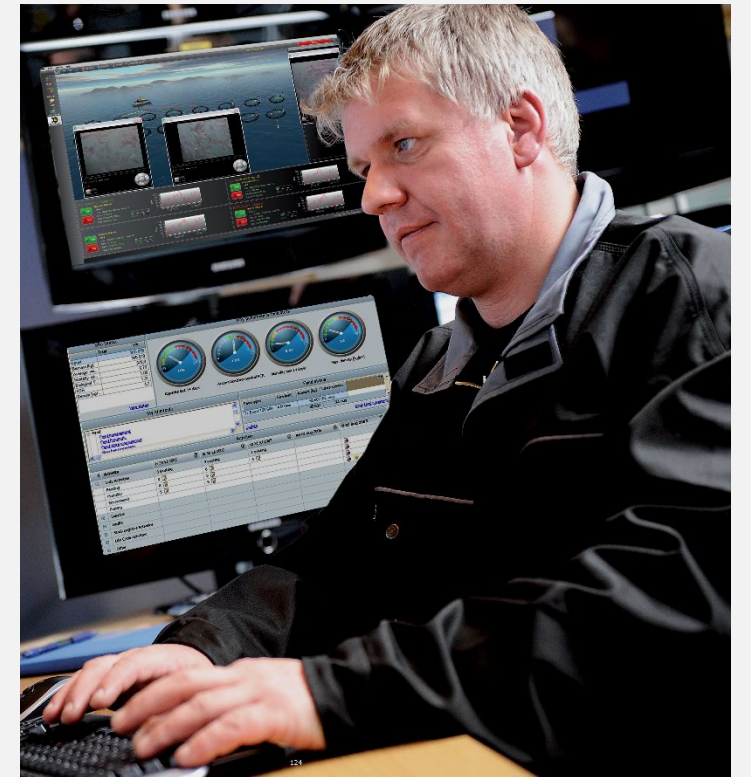
Sea Based Technology



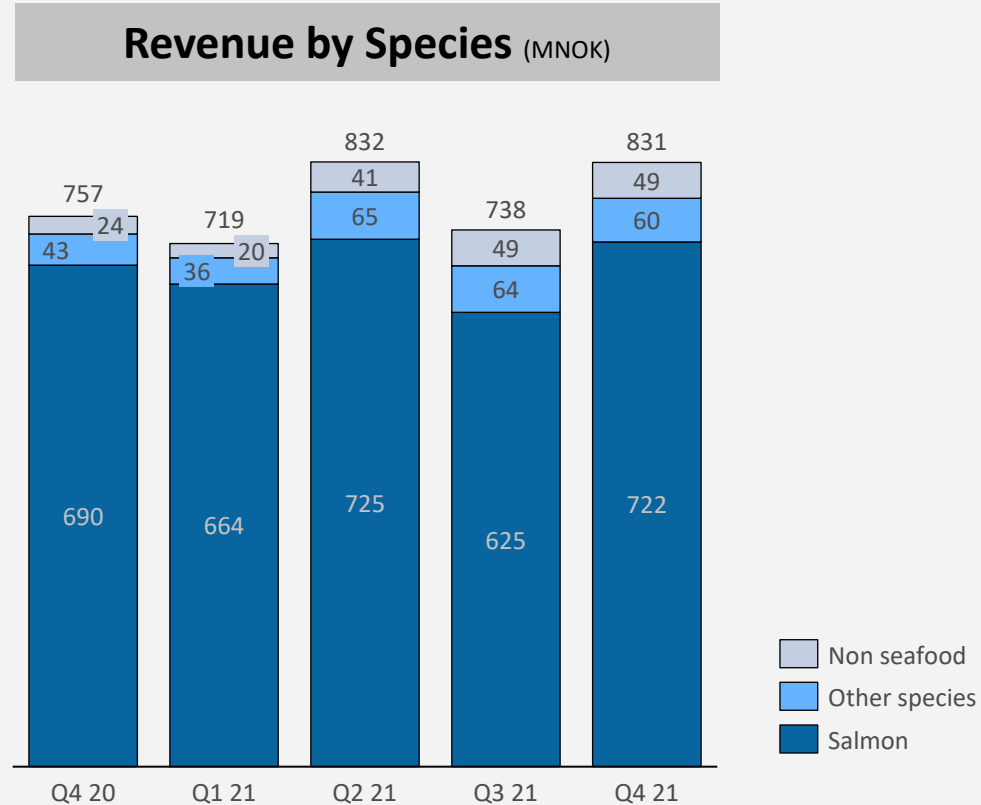
Land Based Technology



Digital



Revenue by species



Balance sheet

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (NOK 1 000)	Note	2021 31.12.	2020 31.12.
Intangible fixed assets	1,3	934 157	1 043 350
Deferred tax assets		11 027	10 872
Fixed assets		642 568	749 124
Long-term financial assets		342 196	148 437
FIXED ASSETS		1 929 947	1 951 783
Stock		556 076	474 930
Trade receivables		550 787	483 993
Other receivables		105 091	91 103
Cash and cash equivalents		303 442	224 884
CURRENT ASSETS		1 515 397	1 274 910
TOTAL ASSETS		3 445 344	3 226 694
Paid in capital		1 208 541	880 174
Retained equity		88 346	161 364
Equity attributable to equity holders of AKVA group ASA		1 296 887	1 041 538
Non-controlling interests	1,3	140	158
TOTAL EQUITY		1 297 028	1 041 696
Deferred tax		21 655	58 272
Other long term debt		39 056	32 361
Lease Liability - Long-term		404 673	444 920
Long-term interest bearing debt	1	454 065	766 239
LONG-TERM DEBT		919 449	1 301 792
Short-term interest bearing debt		300 858	4 690
Lease Liability - Short-term		78 201	89 975
Other current liabilities		849 806	788 542
SHORT-TERM DEBT		1 228 865	883 207
TOTAL EQUITY AND DEBT		3 445 344	3 226 694

Cash flow statement

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (NOK 1 000)	2021 Q4	2020 Q4	2021 YTD	2020 YTD
Cash flow from operating activities				
Profit before taxes	-28	9 724	2 549	121 475
Taxes paid	0	-13 932	-34 630	-27 509
Share of profit(-)/loss(+)-from associates	-2 339	-5 606	-8 461	-12 887
Net interest cost	7 453	10 055	38 868	41 622
Gain(-)/loss(+)-on disposal of fixed assets	-562	13	-1 567	5 705
Gain(-)/loss(+)-on financial fixed assets	-3 150	-8 283	10 342	-8 283
Depreciation and amortization	41 835	44 391	182 662	190 928
Changes in stock, accounts receivable and trade payables	59 706	214 063	-108 346	21 763
Changes in other receivables and payables	-68 434	-148 132	20 650	21 151
Net foreign exchange difference	-10 199	-3 392	-42 547	-7 372
Cash generated from operating activities	24 283	98 901	59 521	346 592
Interest paid	-8 614	-10 828	-41 308	-46 089
Interest received	1 161	773	2 440	4 467
Net cash flow from operating activities	16 830	88 846	20 653	304 970
Cash flow from investment activities				
Investments in fixed assets	-21 011	-16 906	-80 335	-103 199
Proceeds from sale of fixed assets	366	6 262	2 626	43 925
Net payment of long-term receivables	0	23 082	0	0
Payment of shares and participations	0	-38 585	-36 217	-38 585
Acquisition of shares and subsidiaries net of cash acquired	0	0	0	-90 542
Net cash flow from investment activities	-20 644	-26 147	-113 926	-188 401
Cash flow from financing activities				
Repayment of borrowings	-96 894	-77 964	-93 658	-197 576
Proceed from borrowings	0	0	6 695	200 000
Loan issue	0	0	-22 471	-5 500
Dividend payment	0	0	-32 956	-33 157
Dividends payment to NCI	0	0	0	-1 798
Equity issue	321 676	0	321 676	0
Sale/(purchase) own shares	0	-14 662	0	-14 662
Net cash flow from financing activities	224 782	-92 626	179 286	-52 692
Net change in cash and cash equivalents	220 967	-29 927	86 014	63 877
Net foreign exchange differences	-4 104	-7 285	-6 107	10
Cash and cash equivalents at beginning of period	87 925	262 097	224 884	160 999
Cash and cash equivalents divested entities	-1 347	0	-1 347	0
Cash and cash equivalents at end of period	303 442	224 884	303 442	224 884

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
1 415 126	3,9 %	PARETO AKSJE NORGE VERDIPAPIRFOND		NOR
926 818	2,5 %	VERDIPAPIRFONDET NORDEA KAPITAL		NOR
894 521	2,4 %	SIX SIS AG	Nominee	CHE
817 834	2,2 %	VERDIPAPIRFONDET ALFRED BERG GAMBA		NOR
796 182	2,2 %	VERDIPAPIRFONDET NORDEA AVKASTNING		NOR
615 614	1,7 %	VERDIPAPIRFONDET NORDEA NORGE PLUS		NOR
517 392	1,4 %	FORSVARETS PERSONELLSERVICE		NOR
360 613	1,0 %	VERDIPAPIRFONDET ALFRED BERG NORGE		NOR
342 895	0,9 %	AKVA GROUP ASA		NOR
321 155	0,9 %	J.P. MORGAN BANK LUXEMBOURG S.A.	Nominee	LUX
302 998	0,8 %	MP PENSJON PK		NOR
256 590	0,7 %	J.P. MORGAN BANK LUXEMBOURG S.A.	Nominee	FIN
211 032	0,6 %	EQUINOR PENSJON		NOR
129 988	0,4 %	PACTUM AS		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
100 295	0,3 %	VERDIPAPIRFONDET EQUINOR AKSJER NO		NOR
33 643 281	91,8 %	20 largest shareholders		
3 024 452	8,2 %	Other shareholders		
36 667 733	100,0 %	Total shares		

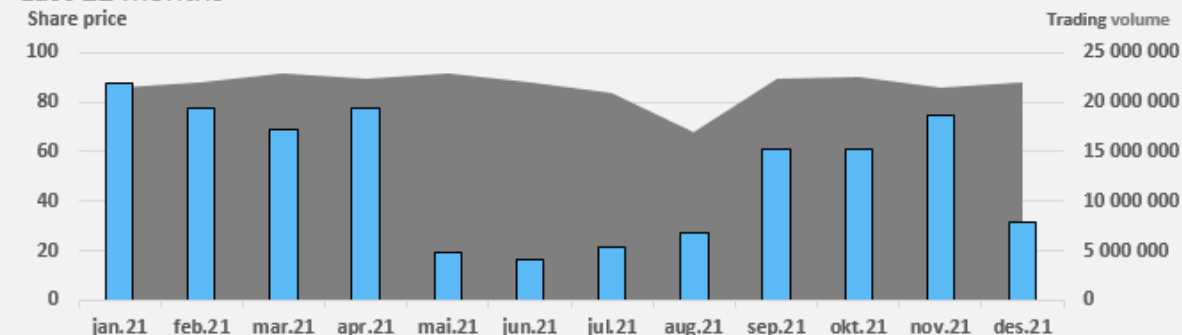
Origin of shareholders, 5 largest countries

No of shares	% Origin	No of shareholders
28 046 021	76,5 %	1367
6 605 192	18,0 %	2
955 331	2,6 %	7
347 386	0,9 %	2
302 576	0,8 %	3
63 055	0,2 %	1
39 303	0,1 %	1

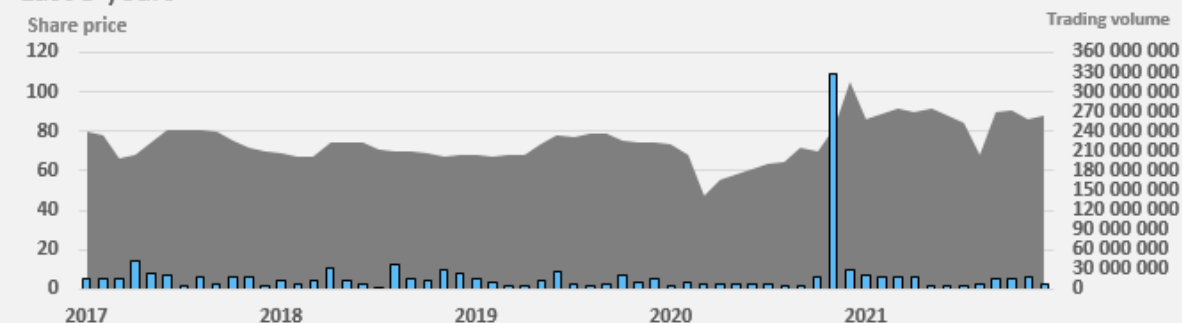
Total number of shareholders: 1537 - from 32 different countries

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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