

# Q2 2021 Presentation

Klepp, 13 August 2021

Knut Nesse, CEO

Ronny Meinkøhn, CFO





**AKVA**GROUP™

**Technology for sustainable biology**

**AKVA**GROUP™



# Agenda | Q2 2021

## Highlights and Outlook

Knut Nesse, CEO

## Financial Performance

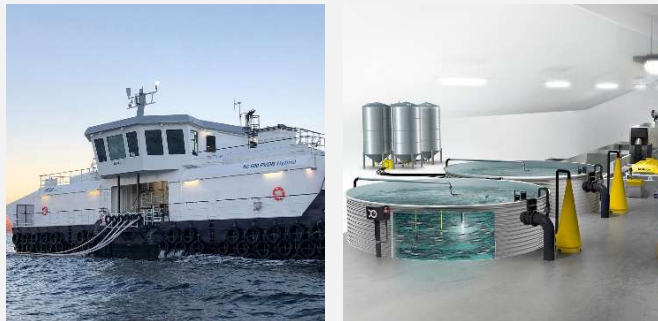
Ronny Meinkøhn, CFO

## Q&A Session



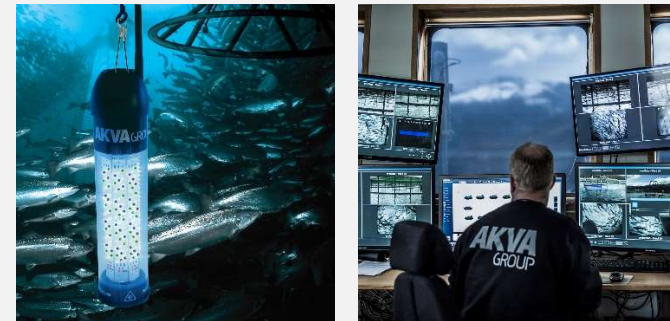
# Highlights | Q2 2021

## Operation



- Acceptable activity level and order intake in the quarter
- Operations was still negative impacted by COVID-19 restrictions related to import of foreign personnel to Norway
- Final commercial clean-up and provisions for old land-based projects of MNOK 25 reduce overall profitability

## Innovation and Digital

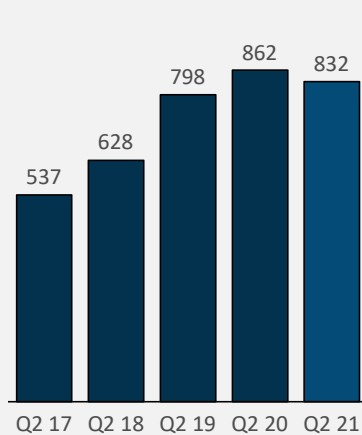


- Deep sea open farming concepts under development
- Strengthening of the Digital organization completed

# Key figures | Q2 2021

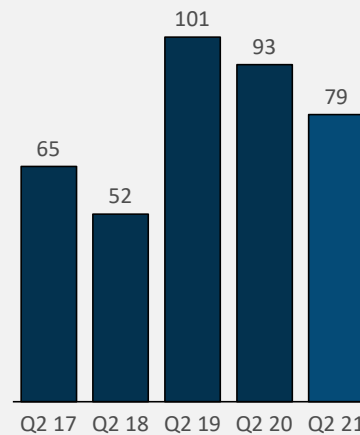
## Revenue

**832** MNOK



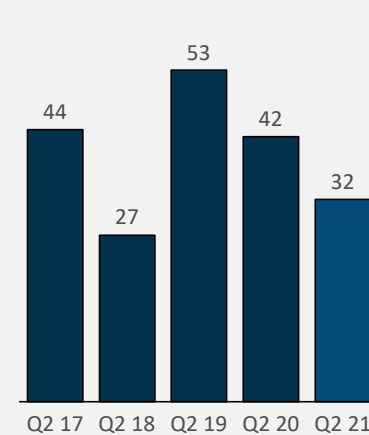
## EBITDA

**79** MNOK



## EBIT

**32** MNOK



Note: IFRS 16 was implemented January 2019. Comparable figures for the period 2016-2018 have not been prepared

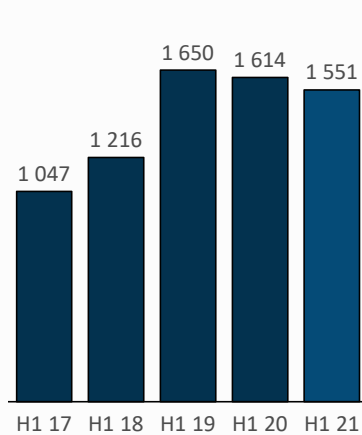
# Comments to financial performance Q2 Land Based

- In Q2 21 MNOK 25 was charged to the P&L as costs related to old projects
- Extensive customer meetings were conducted during Q2
- Several cases were identified where AKVA did not close old projects properly in accordance with customer expectations
- Commercial decision made in Q2 to “clean-up” and meet the expectations
- Status today is that we have a restored commercial relationship with our customers

# Key figures | H1 2021

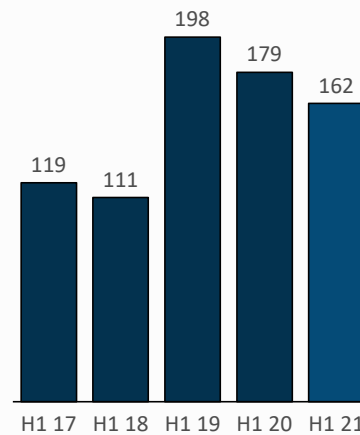
## Revenue

**1551** MNOK



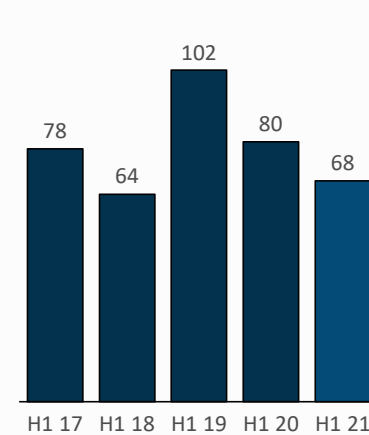
## EBITDA excluding cyber-attack costs\*

**162** MNOK



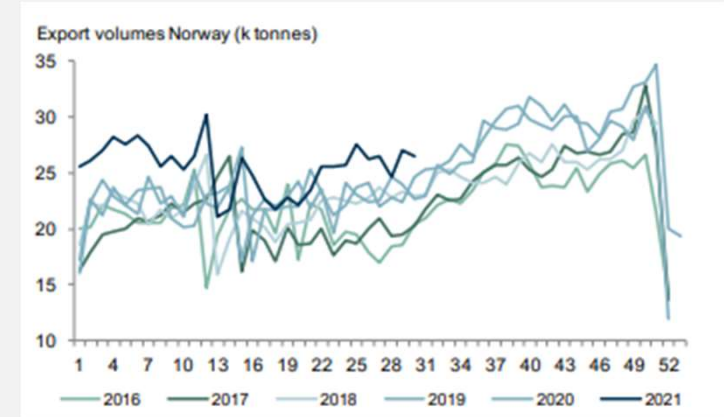
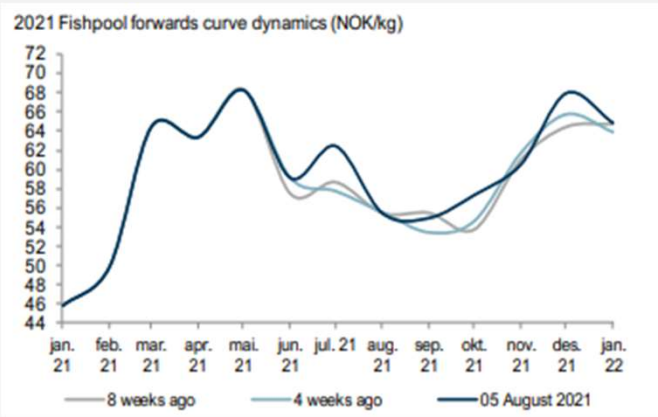
## EBIT excluding cyber-attack costs\*

**68** MNOK



Notes:  
- IFRS 16 was implemented January 2019. Comparable figures for the period 2016-2018 have not been prepared  
- Costs of 49,7 MNOK related to cyber-attack in Q1 21 are excluded

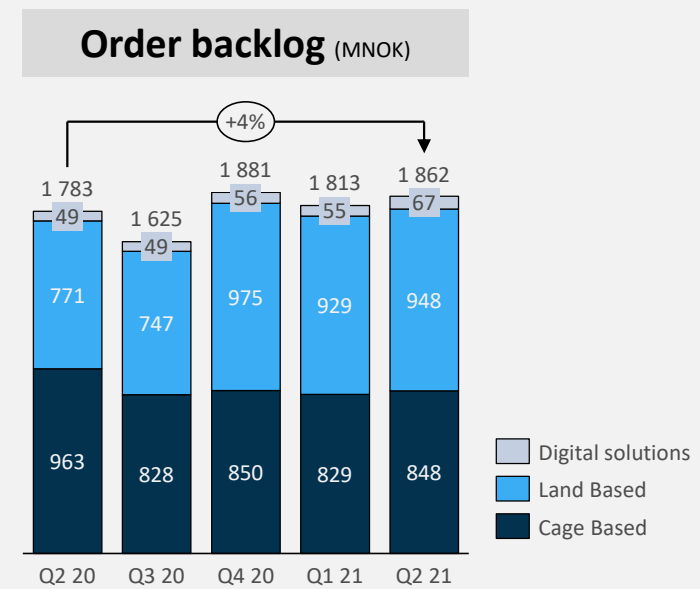
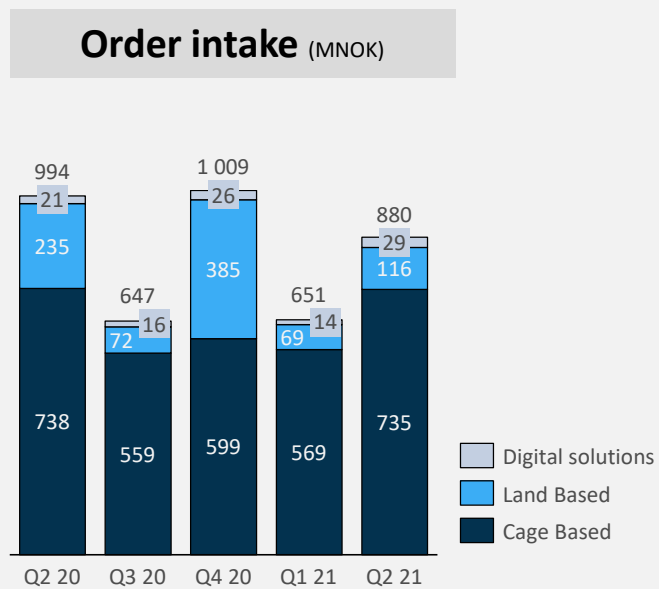
# Market development



Source: [Pareto Seafood Price Update](#) 05.08.2021



# Development order intake and order backlog



# COVID-19 | Still negative impact on operations

- Negative implications are mainly related to travel restrictions and use of foreign workforce in ongoing operations
- Cage Based – Service stations in Norway
  - Difficult to replace foreign labor with local labor which influences both topline and cost level
- Land Based – Projects in Norway
  - Cross-border travel is important to ensure progress in the projects
  - Travel restrictions make operations more costly
- Overall negative EBIT effect of approx. MNOK 5 in Q2 21 related to COVID-19 restrictions
- Expect limited impact from the restrictions in Q3 and onwards



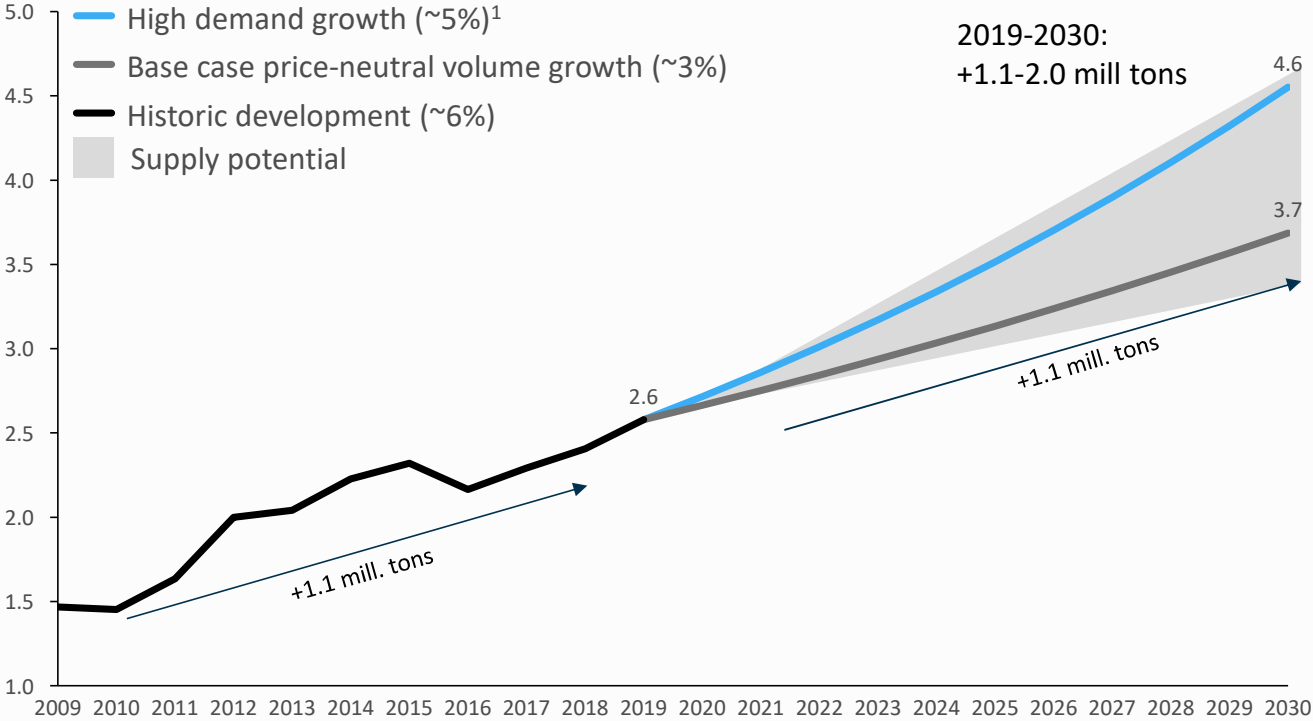


# Strategic Status

# 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

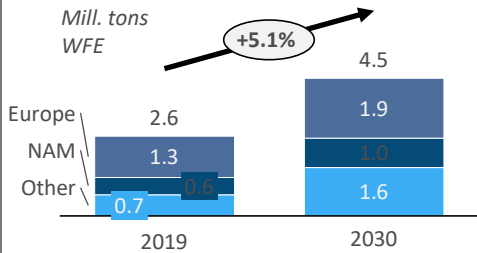


### Key demand drivers

-  **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

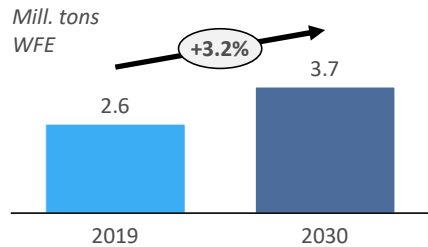
# The paradigm shift of land-based farming will require major capex investments until 2030 and beyond

## Demand



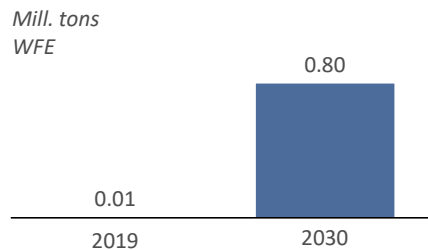
- Restricted fresh supply requires market effort to convert demand from fresh to frozen
- Asian markets critical for growth – required to increase and broaden marketing efforts

## Conventional production



- 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

## Land-based/ other unconventional



- ~160 bln NOK<sup>1</sup> 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



# 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

# Three main segments within land based

Smolt:

100 - 250 g



Post-smolt:

250 - 1000 g

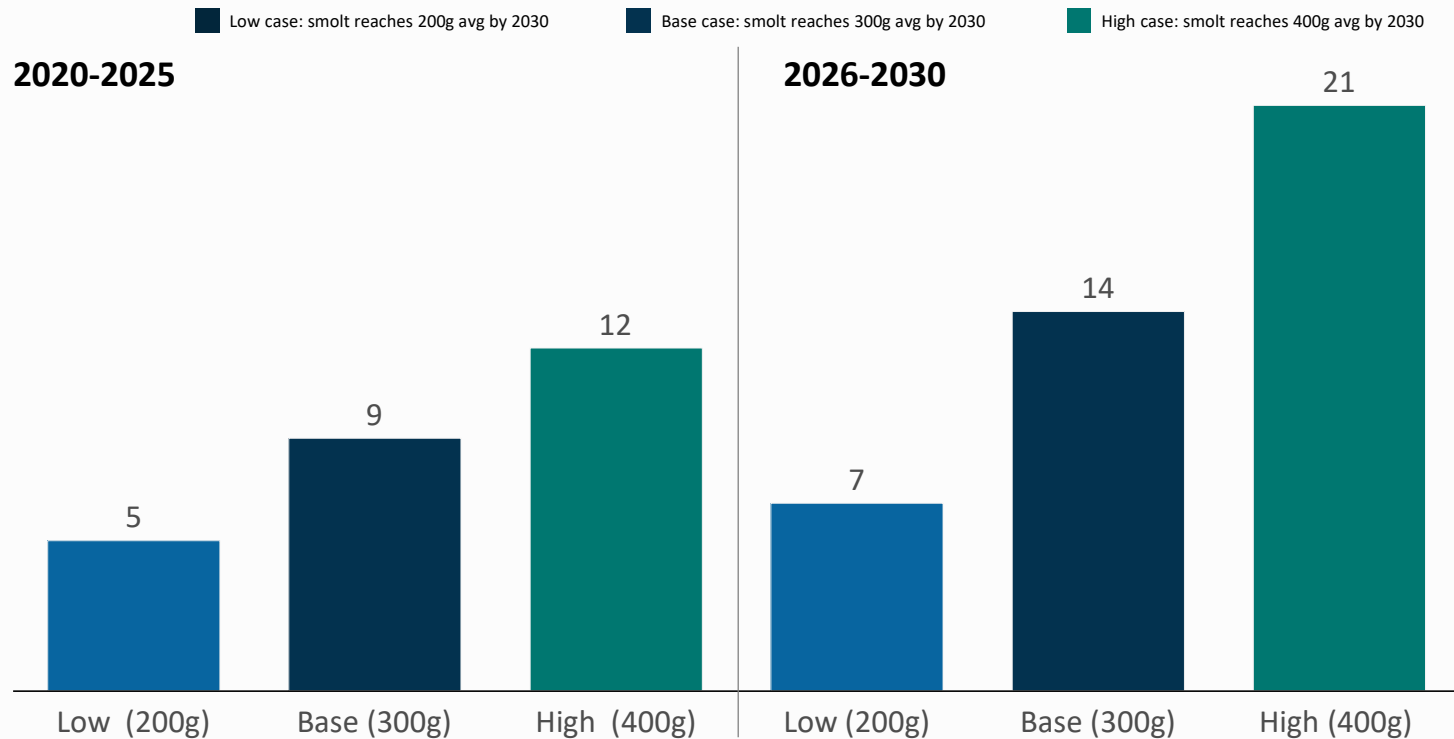


Grow-out:

5000 g



# Expected investments in Norwegian land based farming facilities towards 2030 is NOK 12-33Bn, dependent on desired smolt size



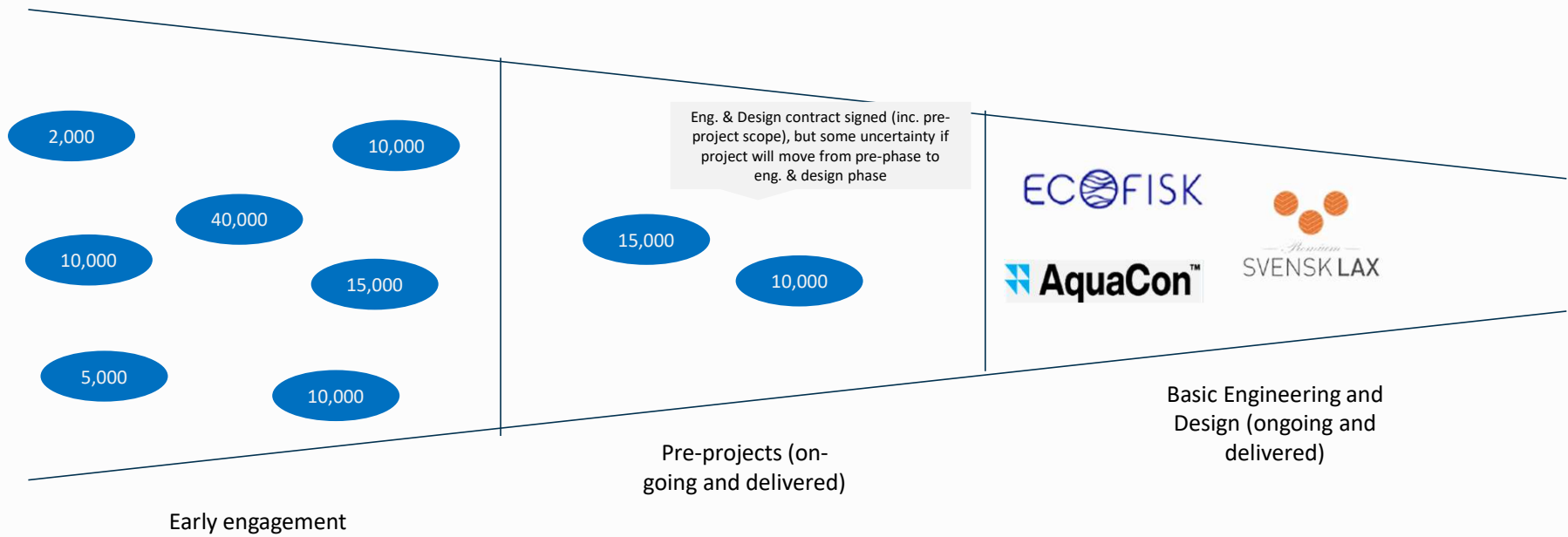
Market is driven by biomass volume and building costs

- Total smolt production is expected to grow with 55-160,000 tonnes in the next 10 years
- Smolt number is expected to continue to grow at 4% per year
- Smolt sizes in 2030 considered are:
  - Low case = 200 gram
  - Base case = 300 gram
  - High case = 400 gram
- Capex per 1000 tonnes
  - New facility: NOK ~220Mn
  - Expansion: NOK ~140Mn

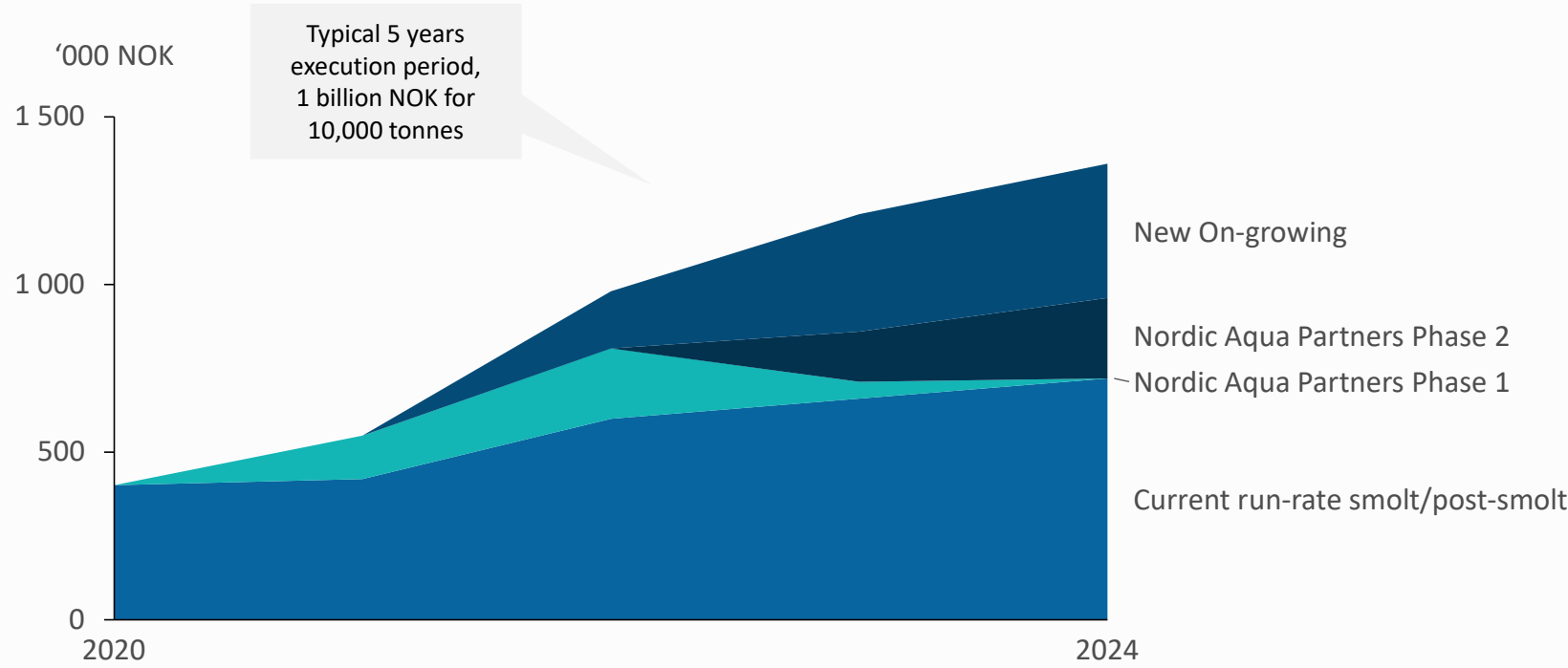
Source: McKinsey analysis

# Grow-out pipeline

Mill. tons



# Ramp up of Land Based activity to a run-rate of 1 billion NOK

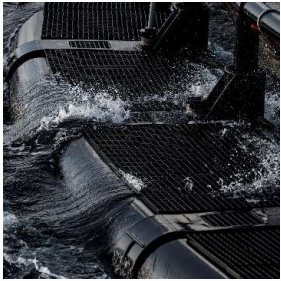


\* For illustration purposes only



# Cage based

## A broad range of solutions offered



Plastic pens



Steel pens



Feed Barges



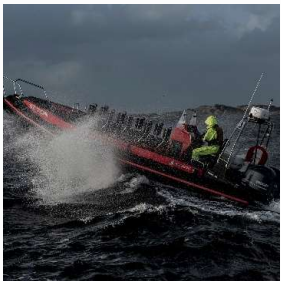
Nets



Feeding Systems



Lights



Work Boats



ROV/Net cleaning



Battery packs



Digital



Cameras



Sensors

# Precision Farming Cage 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

## Farming in the deep:

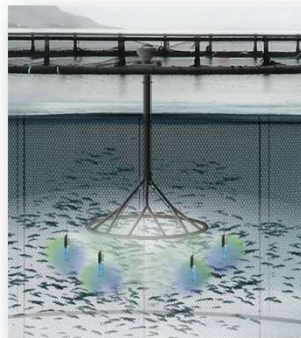
# Innovative solutions to improve fish health farming economy

### Benefits from Deep sea 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.

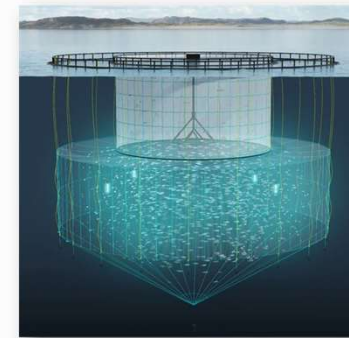
### AKVA commercial solutions in operation

#### AKVA SUBFEEDER and Aurora SUBLed



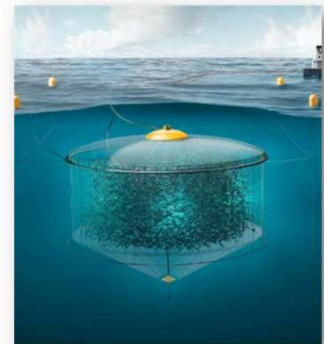
1. Fish is kept voluntarily in the deep

#### TUBENET™



2. Access to air through a smaller surface

#### ATLANTIS SUBSEA FARMING

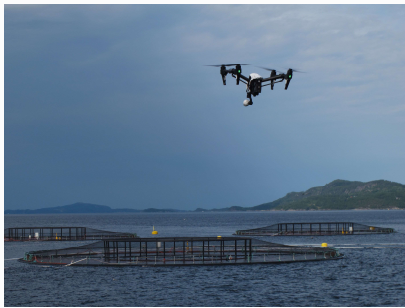


3. Access to air in the deep

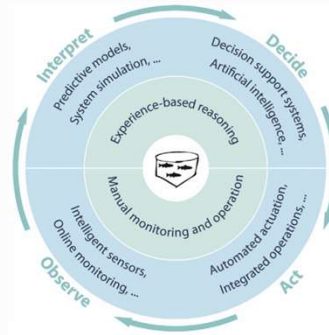
AKVA group also offers several solution to reinforce Tubenet™ and the other Deep sea farming concepts: Subfeeder and light; Waterborne feeding solutions, Camera, sensors and AI solutions for optimal feeding control; solutions to mix water & oxygen.

# Future of digitization in aquaculture

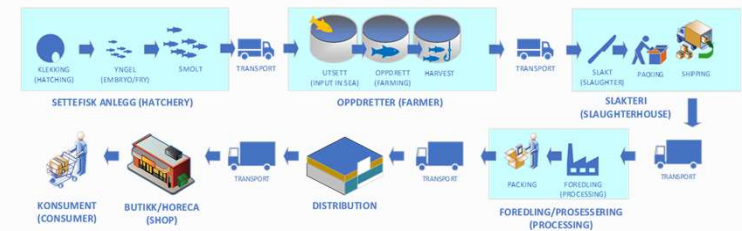
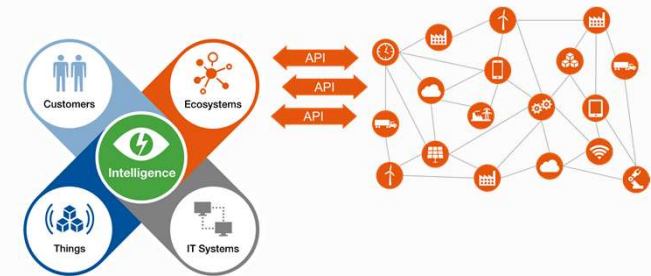
## Remote operations



## Precision Fish Farming



## Ecosystems



# Current digital solutions





# Increased focus on operational excellence



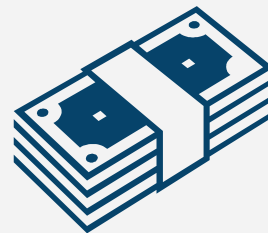
# Strategic guidance



Organic topline growth



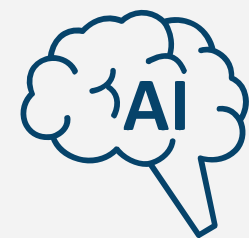
Operational excellence



- 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

# Agenda | Q2 2021

## Introduction and Highlights

Knut Nesse, CEO

## Financial Performance

Ronny Meinkøhn, CFO

## Q&A Session



# Q2 2021 – Income statement

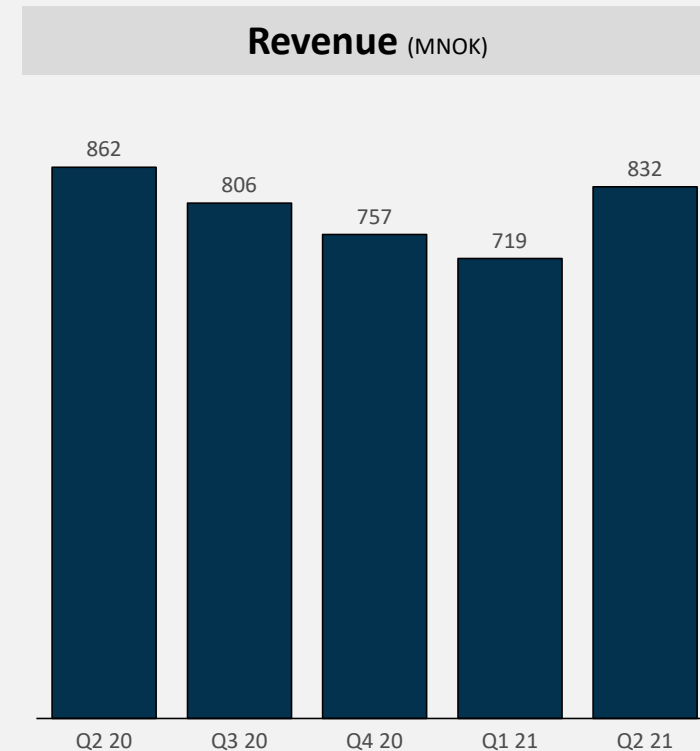
- Revenue reduced by MNOK 30 compared to Q2 2020
- EBITDA in Q2 21 is negative impacted by the final commercial clean-up and provisions for land-based projects, and to some extent COVID-19 restrictions
- High financial costs in period partly due to lower share price on the investment in Nordic Aqua Partners – MNOK 3

NOK million	2021 Q2	2020 Q2	2021 YTD	2020 YTD	2020 Total
Revenue	832	862	1 551	1 614	3 177
<b>EBITDA</b>	<b>79</b>	<b>93</b>	<b>113</b>	<b>179</b>	<b>338</b>
EBITDA margin	9,5 %	10,8 %	7,3 %	11,1 %	10,6 %
<b>EBITDA ex. cyber-attack costs<sup>1</sup></b>	<b>79</b>	<b>93</b>	<b>162</b>	<b>179</b>	<b>338</b>
EBITDA margin ex. cyber-attack costs <sup>1</sup>	9,5 %	10,8 %	10,5 %	11,1 %	10,6 %
Depreciation, amortization and impairment	47	51	94	99	191
<b>EBIT</b>	<b>32</b>	<b>42</b>	<b>19</b>	<b>80</b>	<b>147</b>
EBIT margin	3,9 %	4,9 %	1,2 %	5,0 %	4,6 %
<b>EBIT ex. cyber-attack costs<sup>1</sup></b>	<b>32</b>	<b>42</b>	<b>68</b>	<b>80</b>	<b>147</b>
EBIT margin ex. cyber-attack costs <sup>1</sup>	3,9 %	4,9 %	4,4 %	5,0 %	4,6 %
Net Financial Items	-18	-13	-35	-19	-26
<b>Income (loss) before tax</b>	<b>14</b>	<b>30</b>	<b>-17</b>	<b>61</b>	<b>121</b>
<b>Income (loss) before tax ex. cyber-attack costs<sup>1</sup></b>	<b>14</b>	<b>30</b>	<b>33</b>	<b>61</b>	<b>121</b>
Income tax	-2	3	-8	13	31
Net income (loss)	16	26	-9	48	91
Net income (loss) ex. cyber-attack costs <sup>1</sup>	16	26	30	48	91
Earnings per share (NOK)	0,48	0,79	-0,26	1,43	2,74
Earnings per share (NOK) ex. special items <sup>1</sup>	0,48	0,79	0,92	1,43	2,74

<sup>1</sup> Cyber-attack costs of 49,7 MNOK in Q1

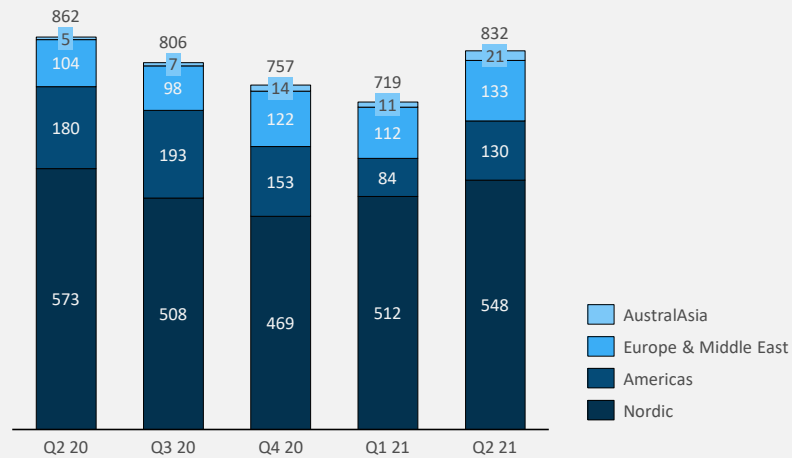
# Revenue development

- Last twelve months order intake and revenue of MNOK 3 189 and MNOK 3 114, respectively
- Revenue reduced by 3% compared to Q2 20
- Increased activity in Land Based and Digital business but reduced revenue in Cage Based segment compared to Q2 20

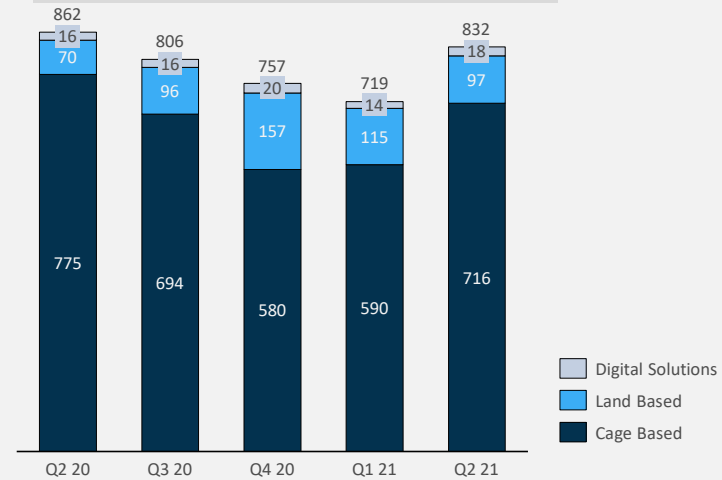


# Revenue by Market and Segment

**Revenue by Market\*** (MNOK)



**Revenue by Segment** (MNOK)



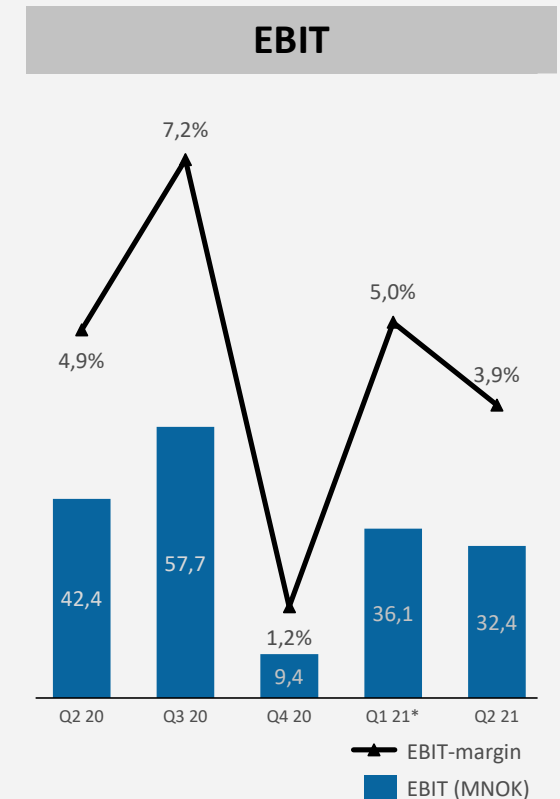
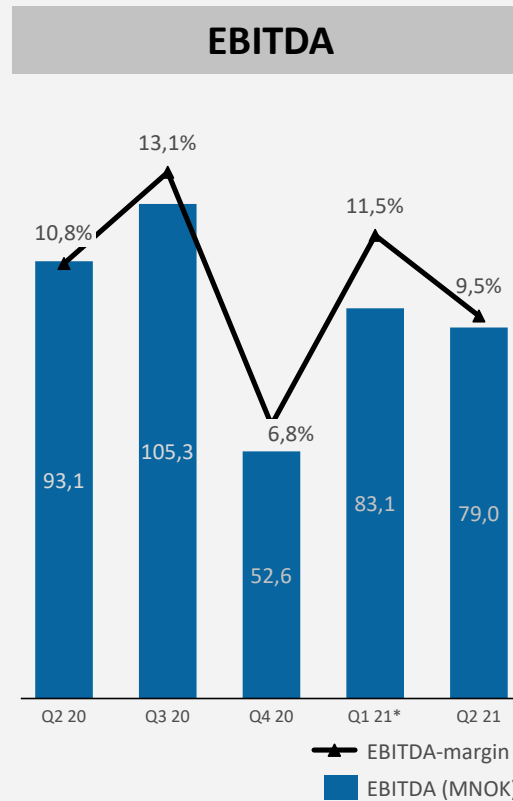
- Relatively stable activity level in Nordic and increased revenue in Europe & Middle East
- Still low activity in Americas

- Cage Based revenue represents 86% of total revenue in Q2 2021 compared to 90% in Q2 20

\* Note: Market definition is location of customer

# EBITDA and EBIT development

- EBITDA of MNOK 79 / 9,5% in Q2 21 and significantly impacted by
  - Final commercial clean-up land-based projects and increase guarantee provisions - MNOK 25
  - COVID-19 restrictions on import of foreign personnel to Norway - MNOK 5

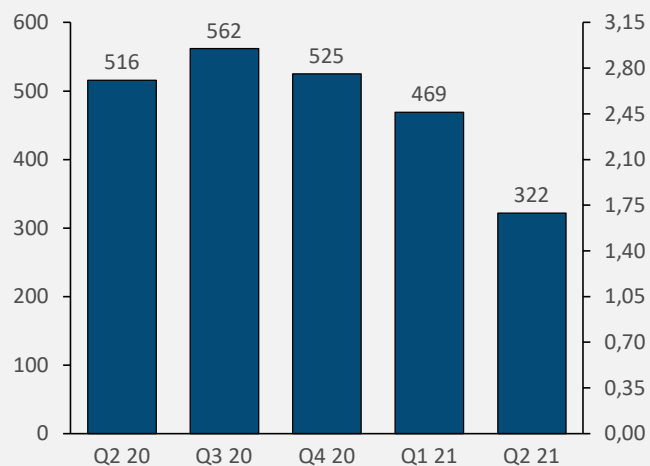


\*Note: Costs of MNOK 49,7 related to cyber-attack in Q1 21 are excluded



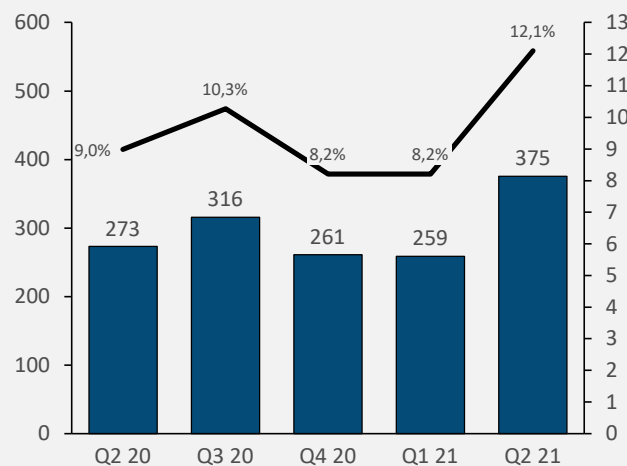
# Cash flow and financial position

## Available cash

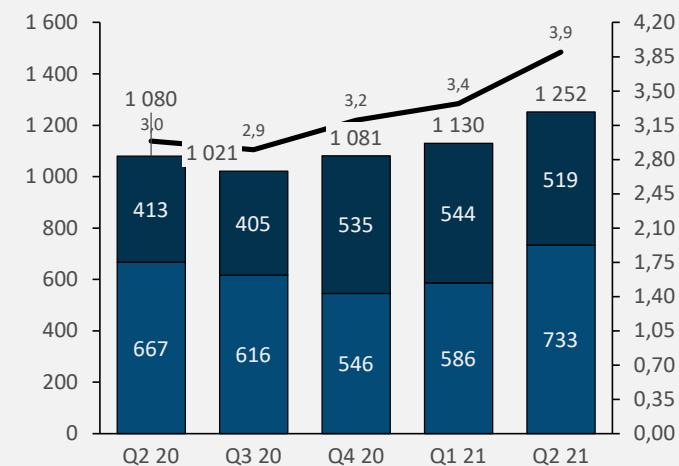


- Including a MNOK 300 available credit facility in Danske Bank

## Net Working capital



## Net debt / EBITDA\*



— NIBD/EBITDA (12 mth rolling)

■ NIBD

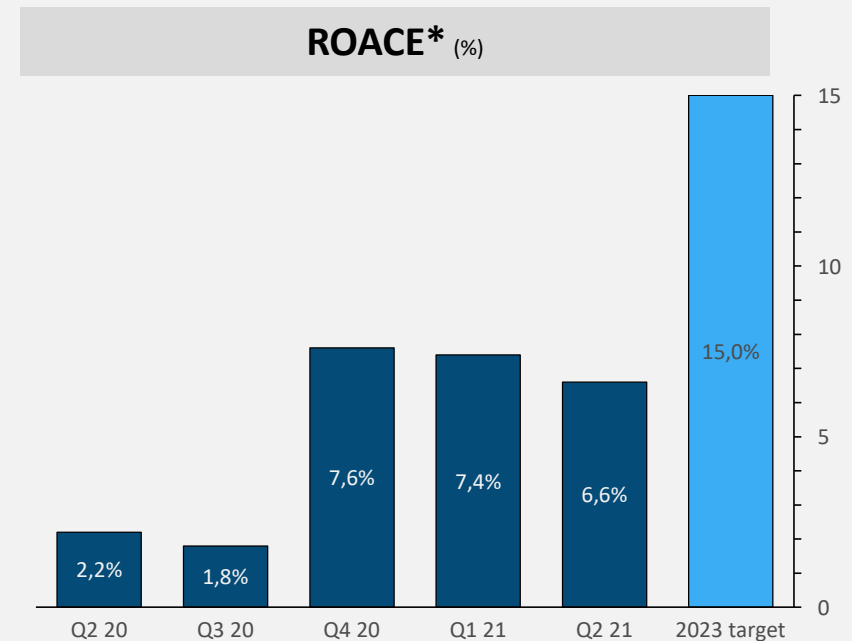
■ Lease Liability (IFRS 16)

NIBD/EBITDA covenant threshold of 4,25

\*Note: NIBD/EBITDA ratio for the period Q1 20 to Q3 20 is adjusted for non-recurring items of MNOK 108 and in the period Q1 21 to Q2 21 for non-recurring cyber-attack costs of MNOK 49,7

# Development return on capital employed

- ROACE reduced from 7,4% in Q1 21 to 6,6% in Q2 21
- Target of minimum 15% in 2023 remains unchanged

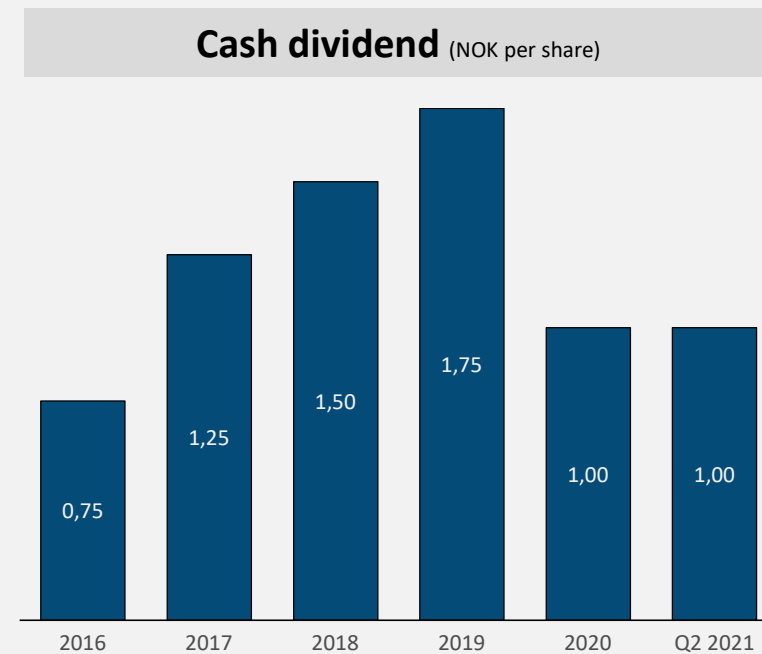


- ROACE is calculated with the average balance sheet items last four quarters
- ROACE is calculated ex balance sheet items of IFRS 16

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

# Dividend

- A dividend of NOK 1,00 per share was paid on 14 April 2021
- Due to the challenging first half year of 2021 the company has decided not to pay any dividend in the second half





# Business segments

# Cage Based Technology

- Revenue reduced by 8% in Q2 compared to Q2 20 while order intake was at the same level as last year

## Nordic

- Revenue reduced by 9% in Q2 compared to Q2 20
- Total order intake of MNOK 444 and 8% reduction compared to Q2 20

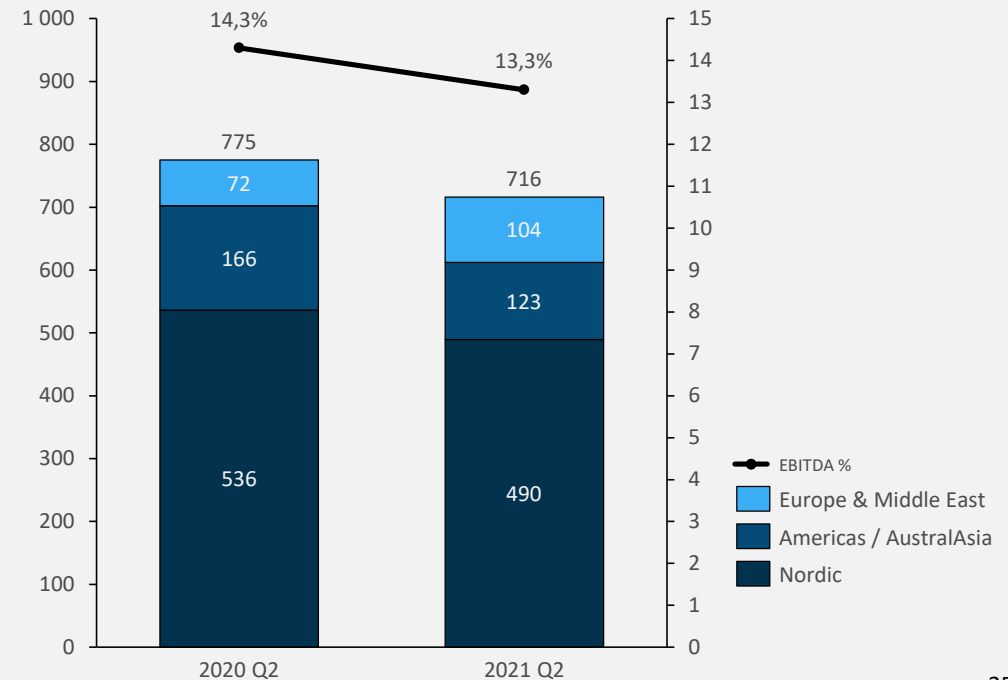
## Americas

- 26% reduction in revenue in Q2 compared to Q2 20
- Decrease in order intake of 7% in Q2 compared to Q2 20

## Europe & Middle East

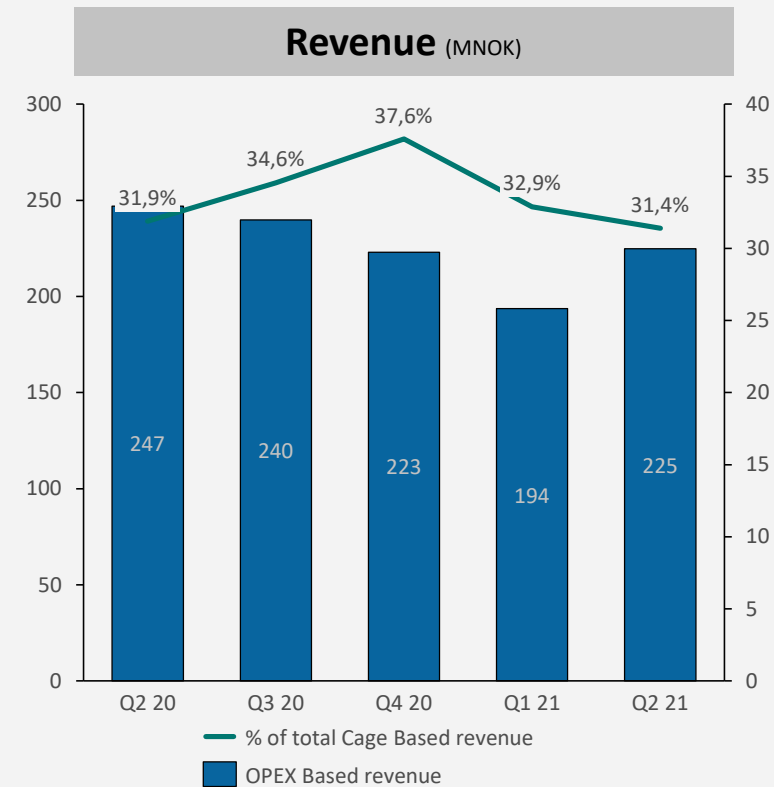
- 44% increase in revenue and a significant increase in order intake of 62% compared to Q2 20

Revenue (MNOK) and EBITDA-margin (%)



# Development OPEX based revenue

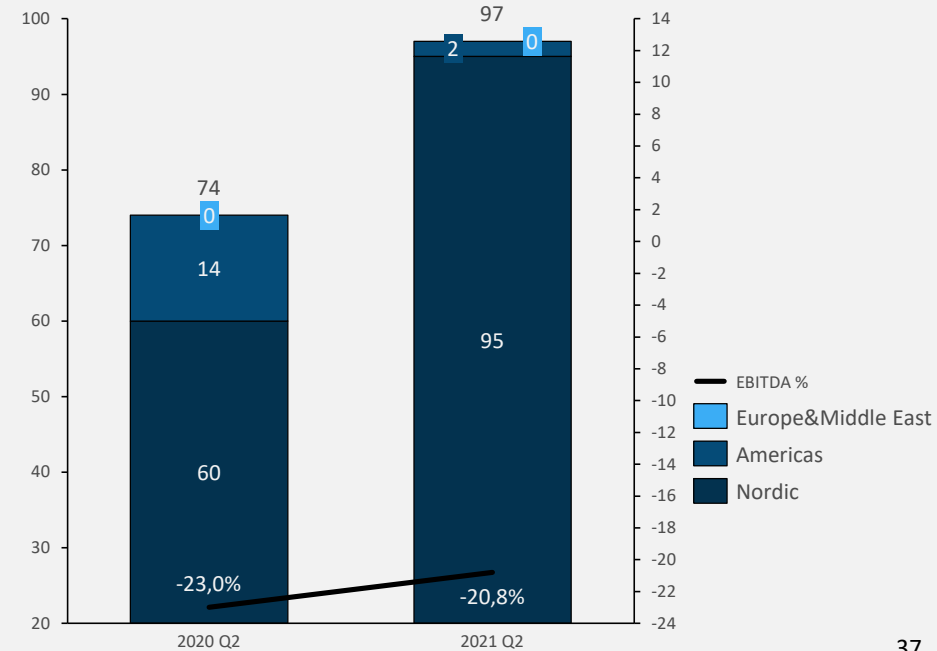
- Reduced share of recurring revenue in 2021 is mainly related to lower activity at service stations due to COVID-19 restrictions
- Strong closing of Q2 as the travel restrictions were lifted early June



# Land Based Technology

- Order intake of MNOK 116 in the quarter compared to MNOK 235 in Q2 2020
- Revenue increased by 31% in Q2 21 compared to Q2 20
- EBITDA negative of MNOK 25 in Q2 21 due to
  - Final commercial clean-up closed projects – MNOK 9
  - Increased guarantee provisions – MNOK 16

Revenue (MNOK) and EBITDA-margin (%)

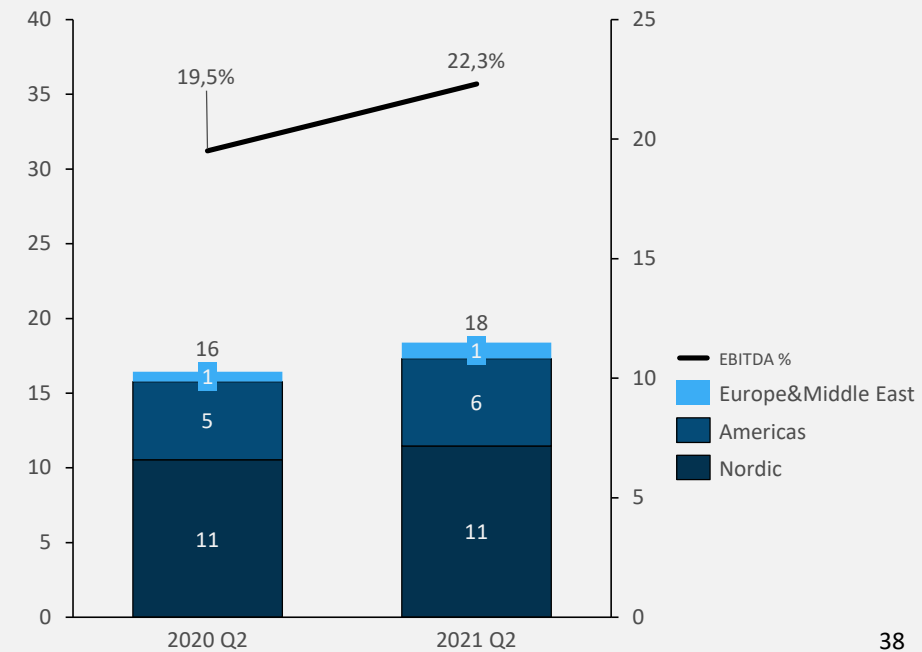




# Digital Solutions

- Revenue increased by 12% in Q2 21 compared to last year
- Acceptable EBITDA margin of 22,3%

Revenue (MNOK) and EBITDA-margin (%)

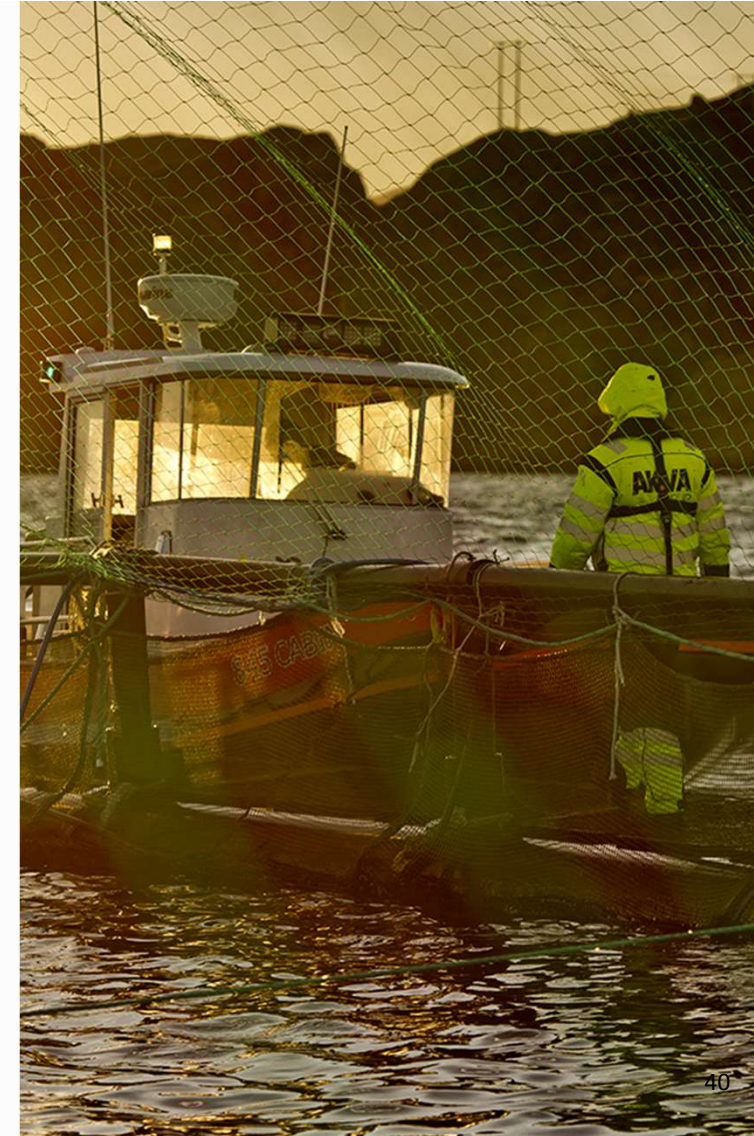


 Outlook

**AKVA**GROUP™

# Outlook

- Order backlog is sound and forms a good foundation to execute our organic growth strategy
- The company expects limited impact from the COVID-19 restrictions in Q3 and onwards
- Long term fundamentals remains unchanged as presented in our Capital Markets Day in November 2020
- Digital products is an important part of AKVA groups total product offering and the company will continue to invest and improve our solutions, both within Cage Based and Land Based Technology



# Agenda | Q1 2021

## Introduction and Highlights

Knut Nesse, CEO

## Financial Performance

Ronny Meinkøhn, CFO

## Q&A Session



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- This notice includes forward-looking statements. Forward-looking statements are based on current plans, estimates and projections, and therefore investors should not place undue reliance on them. Words such as “expect”, “anticipate”, “believe”, “intend”, “estimate”, “should” and other similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update any forward-looking statement in light of new information or future events.
- Forward-looking statements involve inherent risks and uncertainties, most of which are difficult to predict and generally beyond AKVA group’s control. Although it is believed that the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements are reasonable, investors should bear in mind that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements, including assumptions relating to general economic conditions in Norway and worldwide. Numerous factors exist and may occur that could cause AKVA group’s actual operations, result or performance to differ from the forward-looking statements.
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- This notice is not intended for, and must not be distributed to, individuals or entities in jurisdictions where such distribution is unlawful.

# Appendix



# AKVA group in brief



Leading  
technology  
and service  
partner



Listed on  
Oslo stock  
exchange  
since 2006



Deliveries  
in 65  
countries  
over 40  
years

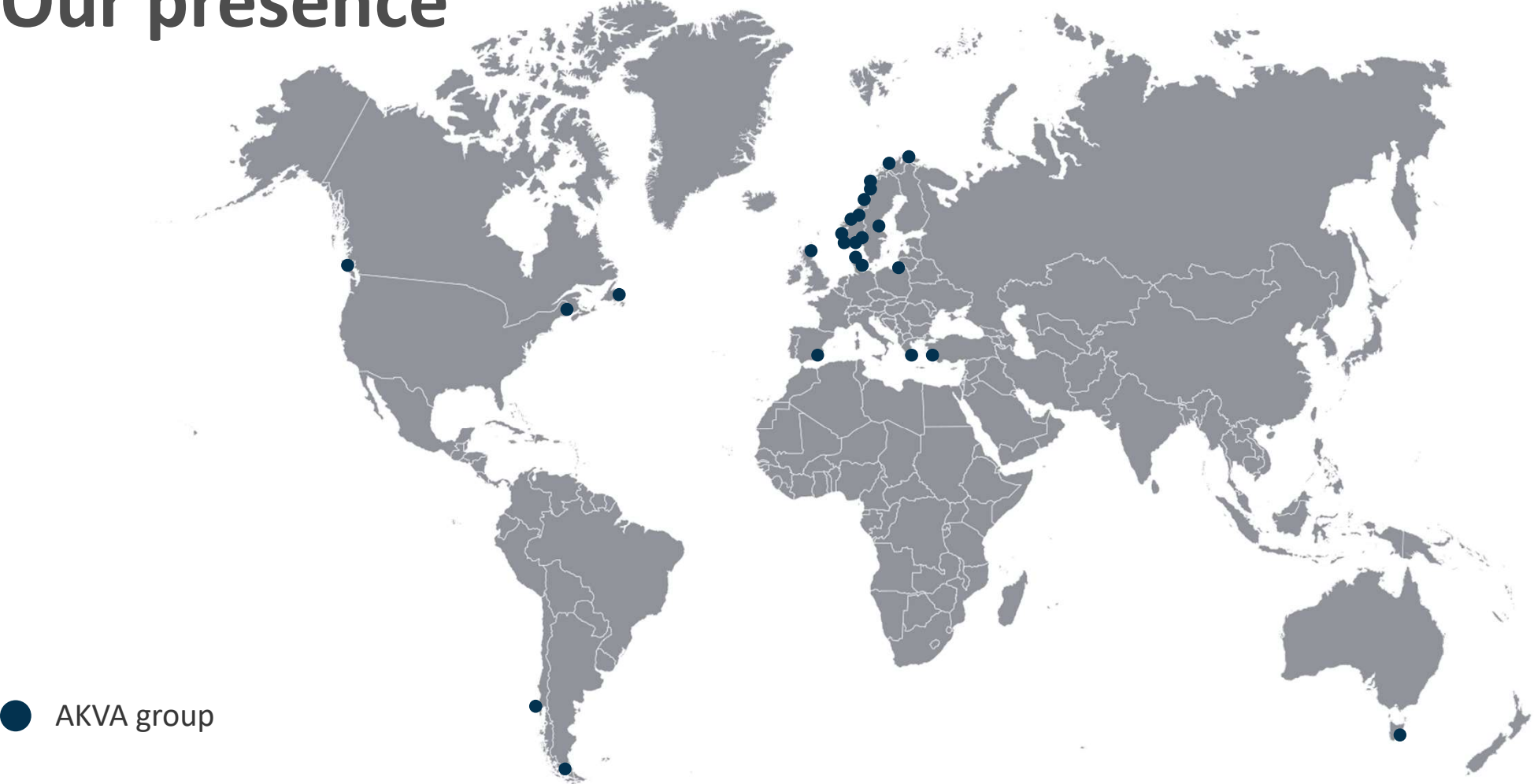


Companies  
in 10  
countries.  
1 489  
employees





# Our presence



● AKVA group

# Solutions

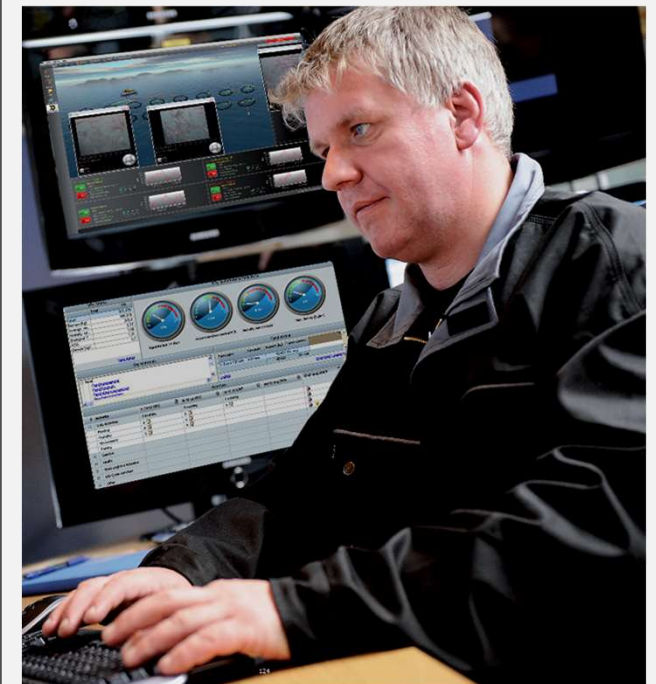
Cage Based Technology



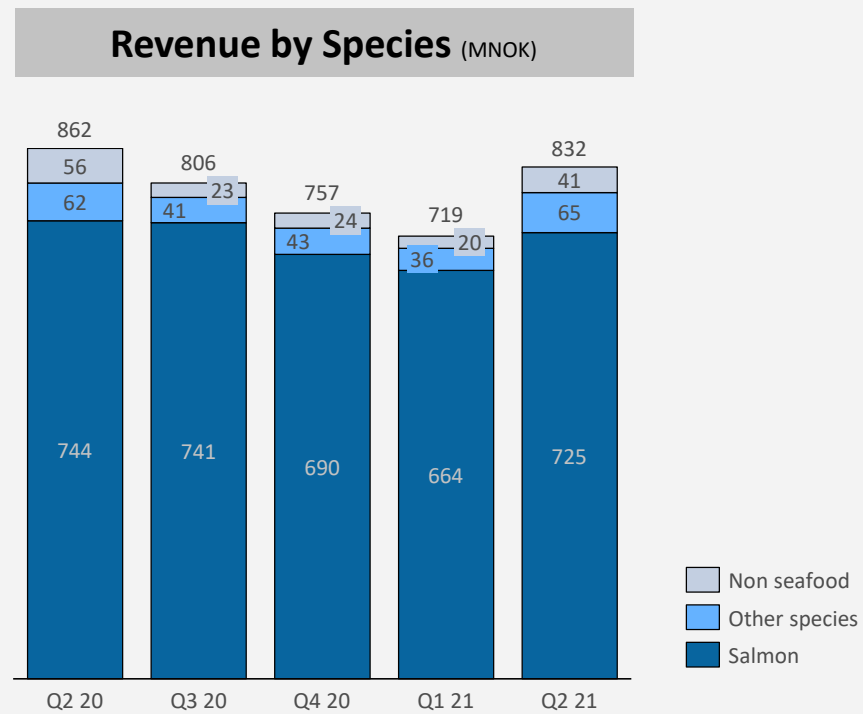
Land Based Technology



Digital Solutions



# Revenue by species



# Balance sheet

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
	2021	2020	2020
(NOK 1000)	30.6.	30.6.	31.12.
Intangible fixed assets	1 043 641	1 055 906	1 043 350
Deferred tax assets	2 352	12 164	10 872
Fixed assets	713 262	777 476	749 124
Long-term financial assets	179 535	96 897	148 437
<b>FIXED ASSETS</b>	<b>1 938 790</b>	<b>1 942 441</b>	<b>1 951 784</b>
Stock	537 583	507 907	474 930
Trade receivables	580 482	525 038	483 993
Other receivables	109 002	86 792	91 103
Cash and cash equivalents	143 920	215 789	224 884
<b>CURRENT ASSETS</b>	<b>1 370 987</b>	<b>1 335 526</b>	<b>1 274 910</b>
<b>TOTAL ASSETS</b>	<b>3 309 778</b>	<b>3 277 969</b>	<b>3 226 694</b>
Paid in capital	880 172	880 372	880 174
Retained equity	105 965	150 357	161 364
Equity attributable to equity holders of AKVA group ASA	986 137	1 030 729	1 041 538
Non-controlling interests	158	3 717	158
<b>TOTAL EQUITY</b>	<b>986 296</b>	<b>1 034 445</b>	<b>1 041 696</b>
Deferred tax	37 229	68 535	58 272
Other long term debt	39 120	32 539	32 361
Lease Liability - Long-term	445 952	361 197	444 920
Long-term interest bearing debt	754 199	851 311	766 239
<b>LONG-TERM DEBT</b>	<b>1 276 501</b>	<b>1 313 582</b>	<b>1 301 792</b>
Short-term interest bearing debt	122 729	31 560	844
Lease Liability - Short-term	72 553	51 904	93 821
Other current liabilities	851 700	846 478	788 542
<b>SHORT-TERM DEBT</b>	<b>1 046 981</b>	<b>929 941</b>	<b>883 207</b>
<b>TOTAL EQUITY AND DEBT</b>	<b>3 309 778</b>	<b>3 277 969</b>	<b>3 226 694</b>

# Cash flow statement

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (NOK 1000)	2021 Q2	2020 Q2	2021 YTD	2020 YTD	2020 Total
Cash flow from operations ex. w orking capital items	58 718	78 724	48 953	155 208	283 227
Cash flow from change in w orking capital	-117 488	166 400	-105 626	19 281	21 744
Net cash flow from operational activities	-58 770	245 124	-56 673	174 489	304 970
Net cash flow from investment activities	-35 552	-122 256	-75 451	-177 729	-188 401
Net cash flow from financial activities	68 351	-56 198	49 846	52 072	-52 692
Net change in cash and cash equivalents	-25 971	66 670	-82 278	48 831	63 877
Net foreign exchange differences	1 315	-6 395	1 315	5 962	10
Cash and cash equivalents at the beginning of the period	168 575	155 516	224 884	160 999	160 999
Cash and cash equivalents at the end of the period	143 920	215 789	143 920	215 789	224 884

# Largest shareholders

## 20 largest shareholders

No of shares	% Account name	Type	Citizenship
20 703 105	62,1 % EGRSUND GROUP AS		NOR
1 623 672	4,9 % PARETO AKSJE NORGE VERDIPAPIRFOND		NOR
1 056 437	3,2 % VERDIPAPIRFONDET NORDEA KAPITAL		NOR
975 932	2,9 % VERDIPAPIRFONDET ALFRED BERG GAMBA		NOR
949 436	2,8 % SIX SIS AG	Nominee	CHE
889 671	2,7 % VERDIPAPIRFONDET NORDEA AVKASTNING		NOR
672 840	2,0 % VERDIPAPIRFONDET NORDEA NORGE PLUS		NOR
495 100	1,5 % FORSVARETS PERSONELLSERVICE		NOR
430 000	1,3 % VERDIPAPIRFONDET ALFRED BERG NORGE		NOR
382 950	1,1 % J.P. Morgan Bank Luxembourg S.A.	Nominee	LUX
361 300	1,1 % MP PENSJON PK		NOR
342 895	1,0 % AKVA GROUP ASA		NOR
300 000	0,9 % J.P. Morgan Bank Luxembourg S.A.	Nominee	FIN
263 562	0,8 % EQUINOR PENSJON		NOR
155 000	0,5 % PACTUM AS		NOR
150 000	0,4 % BJØRN DAHLE		NOR
131 400	0,4 % JAKOB HATTELAND HOLDING AS		NOR
124 412	0,4 % VERDIPAPIRFONDET ALFRED BERG AKTIV		NOR
100 000	0,3 % ASKVIG AS		NOR
97 200	0,3 % BKK PENSJONSKASSE		NOR
<b>30 204 912</b>	<b>90,6 % 20 largest shareholders</b>		
3 129 391	9,4 % Other shareholders		
<b>33 334 303</b>	<b>100,0 % Total shares</b>		

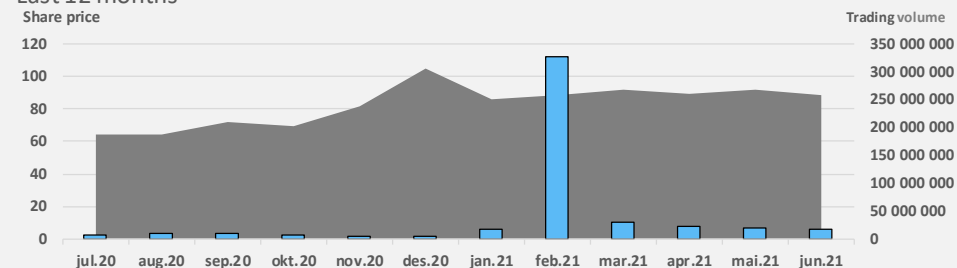
## Origin of shareholders, 5 largest countries

No of shares	% Origin	No of shareholders
30 991 553	93,0 % Norway	1404
1 020 172	3,1 % Switzerland	7
414 213	1,2 % Luxembourg	2
350 020	1,1 % Finland	3
138 636	0,4 % Denmark	22
22 942	0,1 % United Kingdom	17
17 245	0,1 % France	6

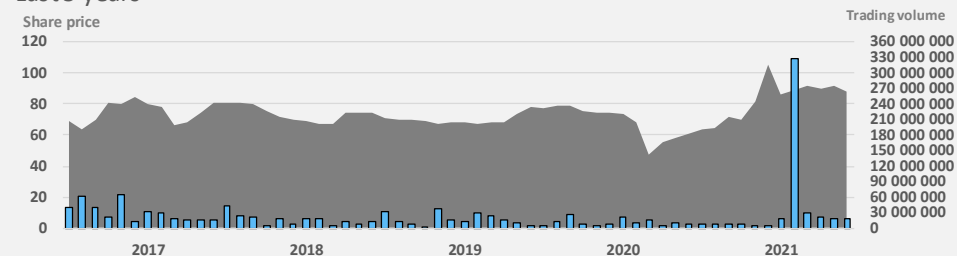
Total number of shareholders: 1569 - from 33 different countries

## 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



**CUSTOMER FOCUS**  
**AQUACULTURE**  
**∞ KNOWLEDGE**  
**RELIABILITY**  
**ENTHUSIASM!**

