

Lerøy Seafood Group ASA

Fourth quarter 2022 results

Henning Beltestad

CEO

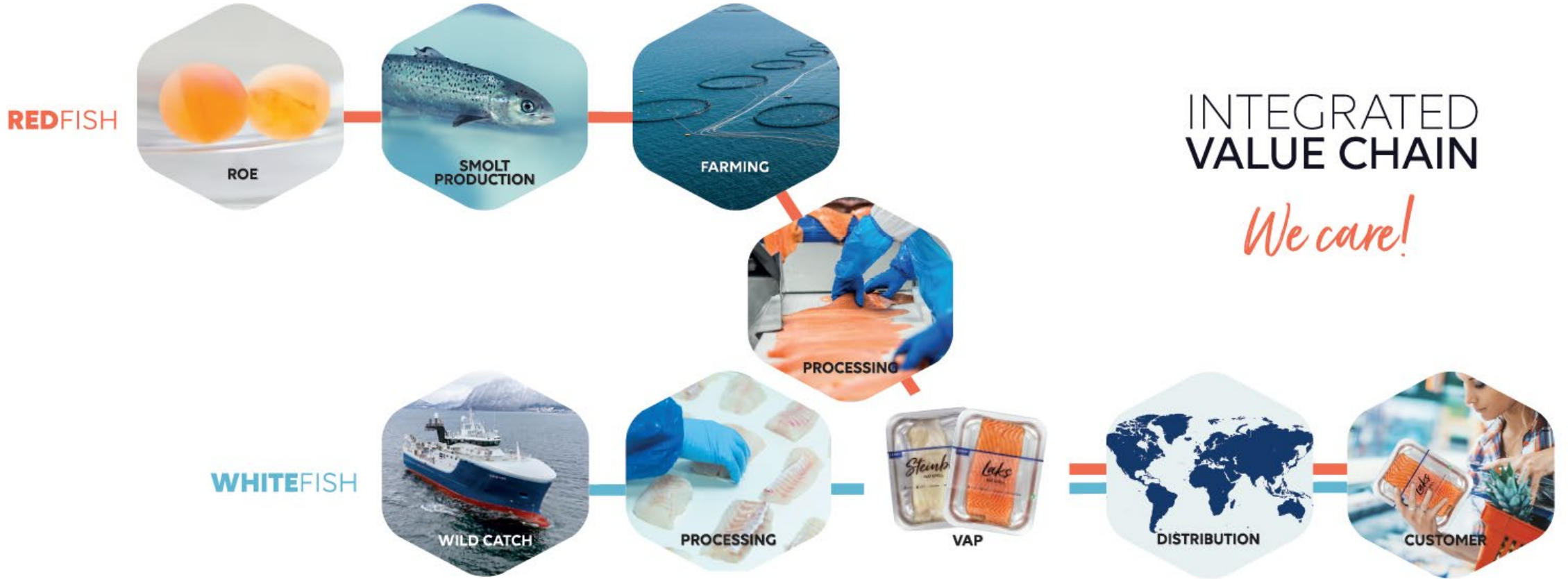
21 February 2023

Sjur Malm

CFO



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



Targets for 2025 and beyond

LSG

>50

bn NOK in revenue by 2030

LSG

46%

reduction in total GHG
emissions by 2030
(baseline 2019)

Farming & VAP S&D

#1

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

Wild Catch

500

mill NOK in EBIT for Wild
catch by 2025

VAP S&D

1.25

bn NOK in EBIT for
VAP S&D by 2025

Farming

205,000

tonnes harvested in 2025
(Norway)

Resource tax proposal

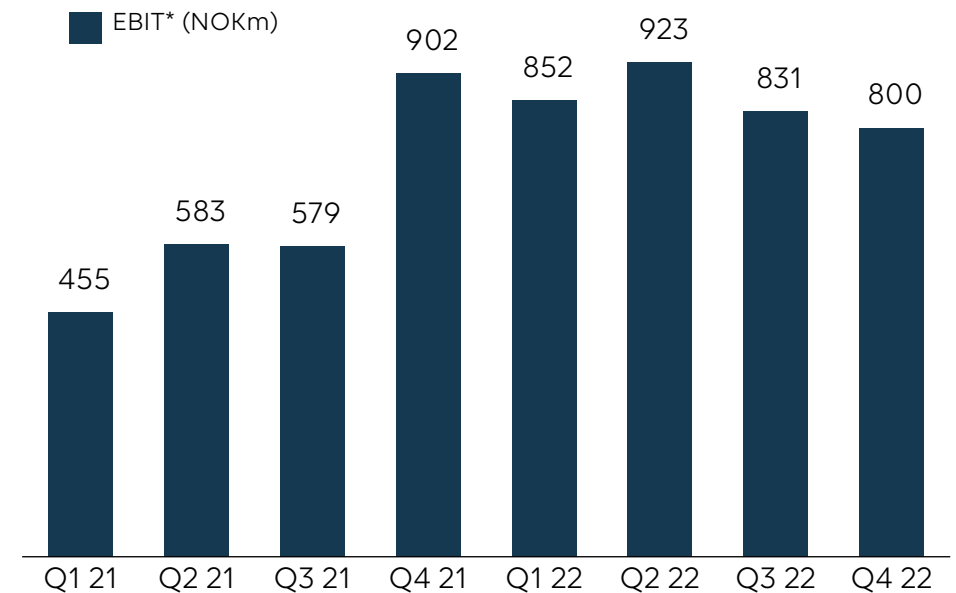
- 28 of September the Norwegian Government proposed to implement a new resource tax, with additional 40% tax on profits generated in the open sea phase of farming
- The proposal has immediate and long term negative effects for the industry
- Lerøy has submitted a consultation response and have expectation that this is a real consultation process. Link to the response letter (in Norwegian): <https://www.leroyseafood.com/globalassets/leroy-seafood/about-leroy/news/norge-taper/220401-leroy-horingssvar.pdf>
- Lerøy has invested significantly, also in human capital, to build an integrated value chain for seafood, a value chain that meet customer need and drive demand for salmon. The proposal is challenging for integrated business models, and has a significant risk of lowering the demand for Norwegian salmon



Highlights of the quarter

- Record revenue for the year
- EBIT* all. incl. of NOK 15,2/kg
- Positive development VAPS&D, further improvement expected in 2023
- Challenging biological situation for some of the farming assets.
Expected harvest volume incl. JV of 193,500 in 2023
- Some signs in lower demand in some market segments, but overall strong demand for seafood

EBIT* (NOKm)



*Before fair-value adjustment of biomass. For Q2 22: excl. settlement costs.

**including LSG's 50% share of volumes in Scottish Seafarms

SEGMENTS

FARMING



WILD CATCH



VAP, SALES AND DISTRIBUTION

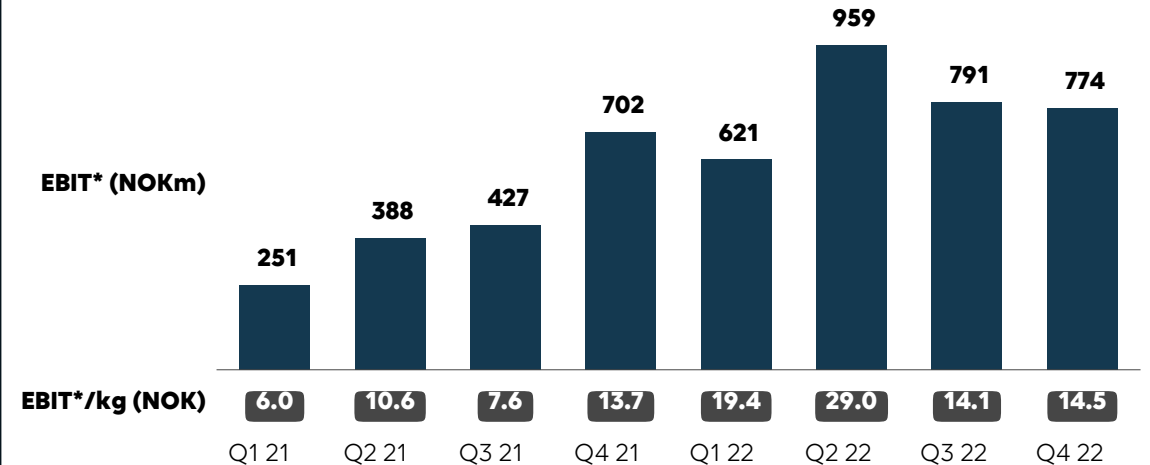


Farming highlights this quarter

- EBIT/kg in farming increased from NOK 13,7/kg in Q4/21 to NOK 14,5/kg in Q4/22
- Healthy performance in Lerøy Aurora, with more challenging biology in Lerøy Sjøtroll and Lerøy Midt
- Contract share in Q3/22 of 36%, contract prices well below spot prices
- Inflationary trends brings higher price realisation but also significant y-o-y cost increase
- Overall cost in box up NOK 6/kg from 2021 to 2022, and at current feed price another NOK 5/kg lift is expected into 2023.

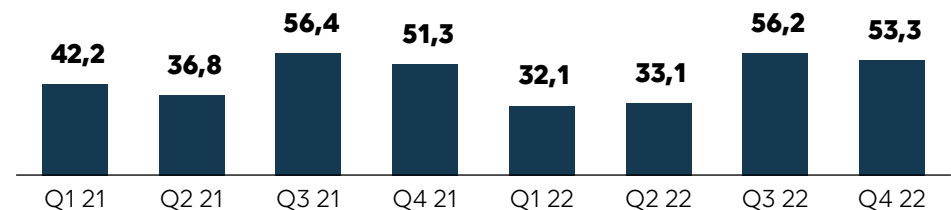
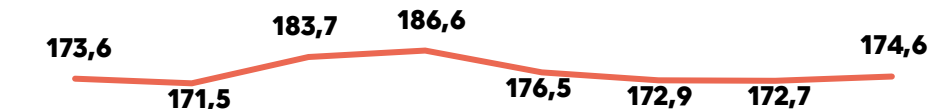
*Before fair-value adjustment of biomass

EBIT Farming*



Harvest volume (1,000 GWT)

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

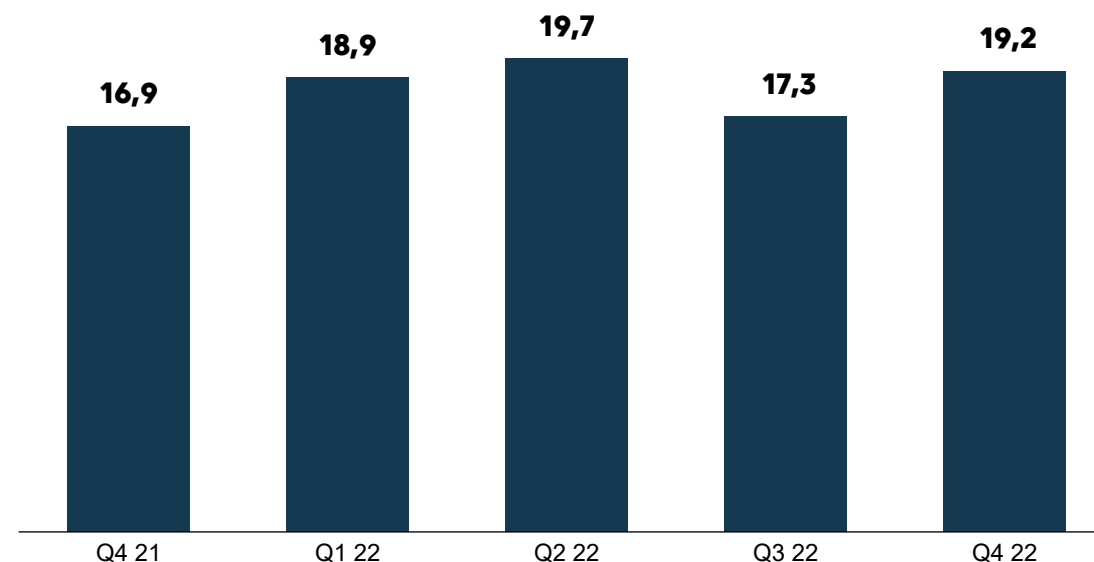


Lerøy Aurora

- Healthy biological performance, but still significant cost increase y-o-y with feed cost as key driver
- As in 2022, there will be a significant seasonality in harvest volume
- Winter wound situation much improved but not completely eliminated
- Expect harvest volume of 47,000 GWT in 2023

Lerøy Aurora	Q4 2022	Q4 2021	2022	2021
Revenue (NOKm)	1 050	865	2 798	2 541
EBIT* (NOKm)	290	240	740	445
Harvested volume (GWT)	15 119	14 136	40 109	43 963
Prod. cost (ex. prod. fee)			46,0	41,8
Harvest weight (avg. in kg)			4,1	4,0

EBIT pr kg (in NOK)



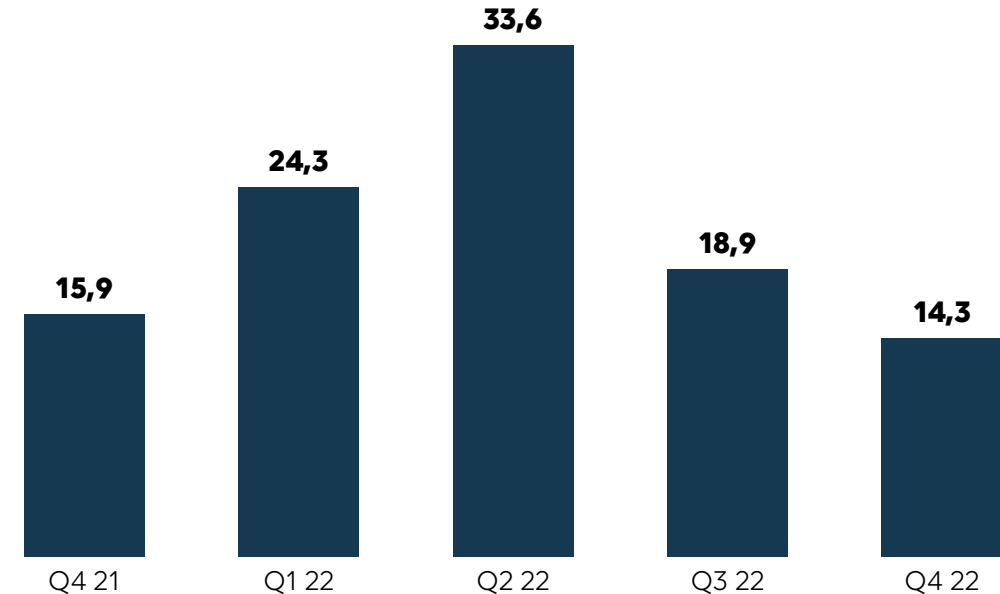
* Before biomass adjustment
 ** Figures based on 100% basis

Lerøy Midt

- Challenging biologic situation in H2/22. This impacts growth and quality of harvest
- Significant y-o-y increase in costs where higher feed cost is the most dominant factor
- Expect harvest volume of 64,000 GWT in 2023, with stronger seasonal pattern than historically

Lerøy Midt	Q4 2022	Q4 2021	2022	2021
Revenue (NOKm)	1 472	1 109	5 018	4 141
EBIT* (NOKm)	301	291	1 474	838
Harvested volume (GWT)	20 999	18 259	68 793	72 623
Prod. cost (ex. prod. fee)			47,0	42,1
Harvest weight (avg. in kg)			4,4	4,4

EBIT pr kg (in NOK)



* Before biomass adjustment
 ** Figures based on 100% basis

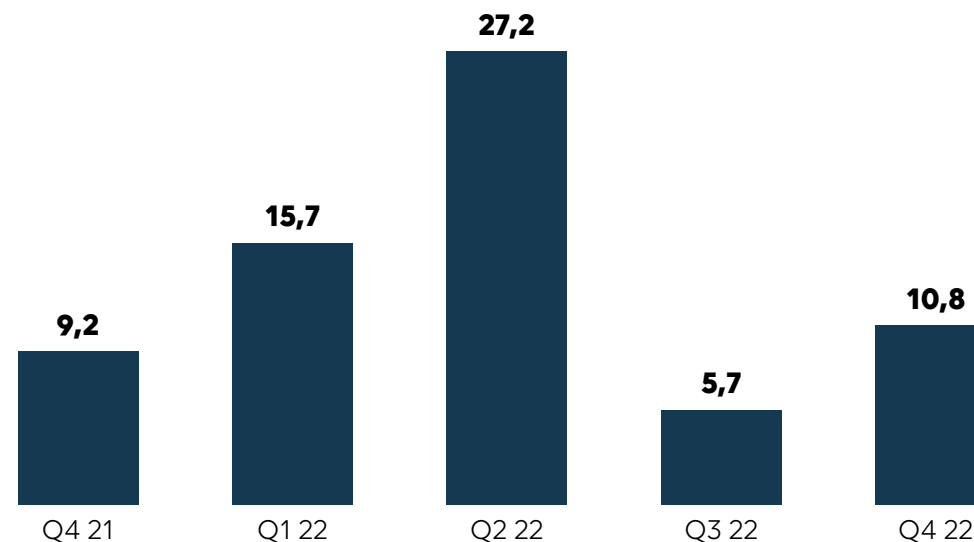
Lerøy Sjøtroll

- Challenging biological quarter. High number of treatments impacts growth, Trout outperforming salmon in EBIT/kg
- Cost increase y-o-y, again with feed as the key driver
- Expect harvest volume of 64,000 GWT in 2023

Lerøy Sjøtroll	Q4 2022	Q4 2021	2022	2021
Revenue	1 217	1 124	4 693	3 913
EBIT*	185	174	928	484
Harvested volume (GWT)	17 192	18 937	65 727	70 049
Prod. cost (ex. prod. fee)			55,9	47,9
Harvest weight (avg. in kg)			4,0	4,2

*includes salmon and trout.

EBIT pr kg (in NOK)



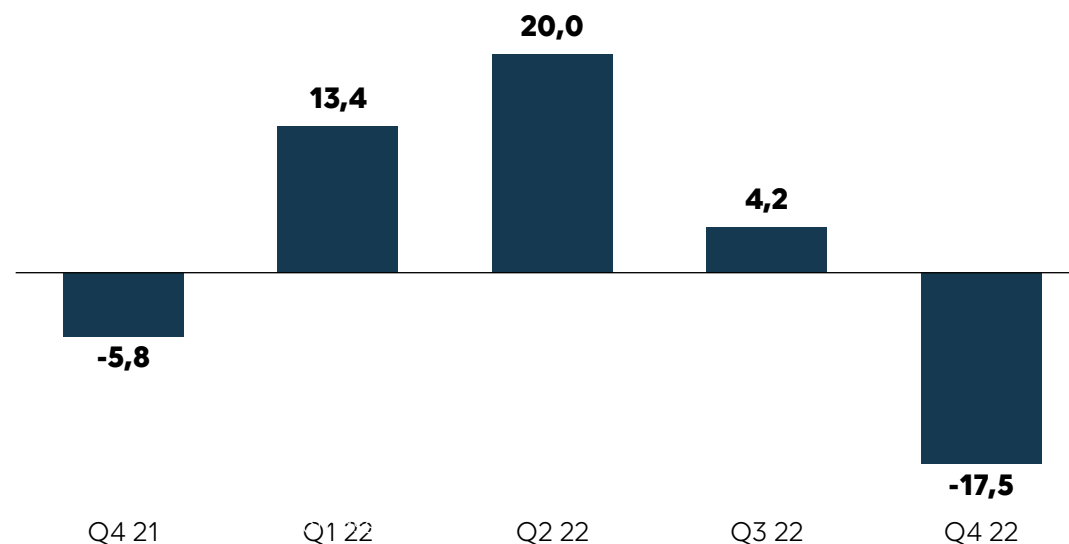
* Before biomass adjustment
 ** Figures based on 100% basis

Norskott Havbruk (50% owned)

- Challenging biology. Results negatively impacted with issues with micro-jellyfish and AGD. High mortality cost in Q4/22
- Low average harvest weight of fish
- Contract level of 59%
- Expected harvest volume reduced to 37,000GWT in 2023

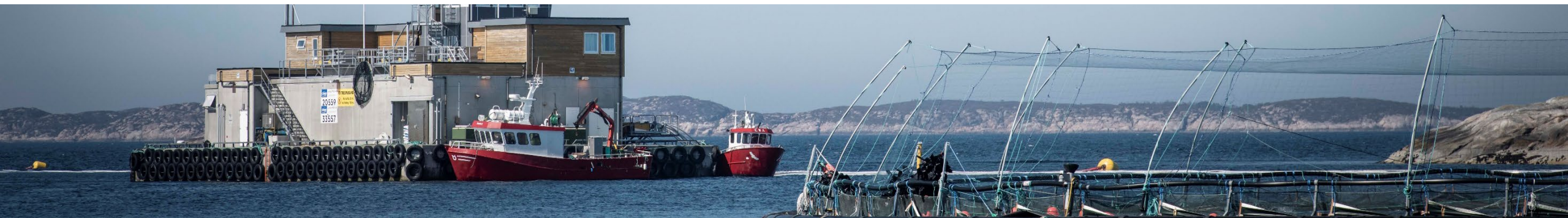
100% basis, in NOKm	Q4 2022	Q4 2021	2 022	2 021
Revenues	693	344	3 188	2 307
EBIT*	-128	-29	214	244
Harvested volume (GWT)	7 317	4 903	35 936	32 350
EBIT/kg *	-17,5	-5,8	6,0	7,6
NIBD	2 037	2 234	2 037	2 234

EBIT pr kg (in NOK)



Farming volumes (1000' GWT)

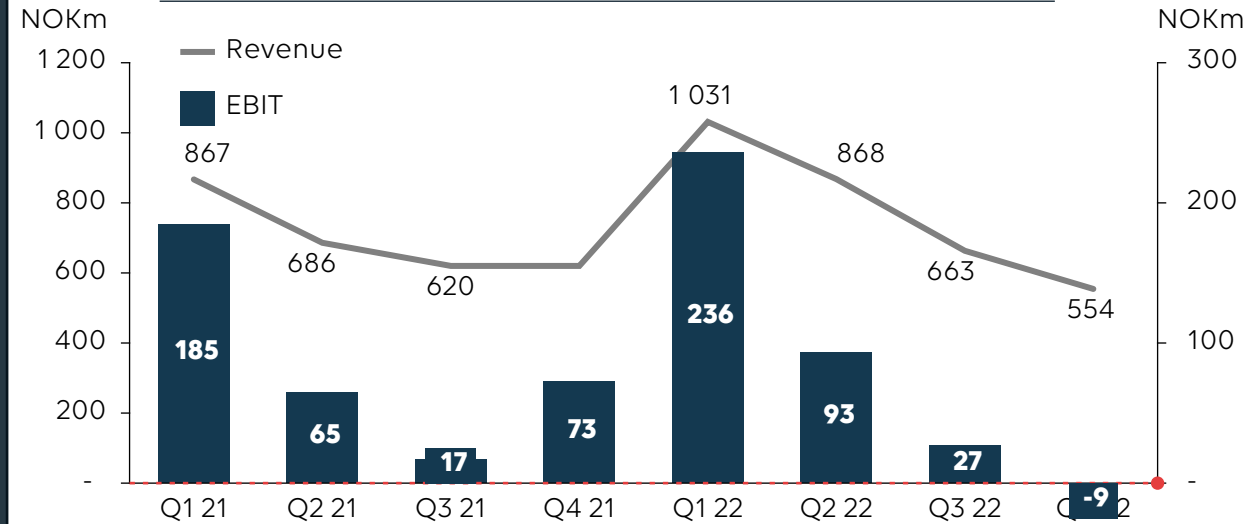
Farming volumes	2019	2020	2021	2022	2023E	2024E	2025E
Lerøy Aurora AS	32,8	35,0	44,0	40,1	47,0	48,0	50,0
Lerøy Midt AS	64,8	67,9	72,6	68,8	64,0	75,0	80,0
Lerøy Sjøtroll	60,6	68,0	70,0	65,7	64,0	72,0	75,0
Total Norway	158,2	170,9	186,6	174,6	175,0	195,0	205,0
Scottish Seafarms (Lerøy's 50% share)	12,9	12,0	16,2	18,0	18,5		
Total	171,1	182,9	202,8	192,6	193,5		



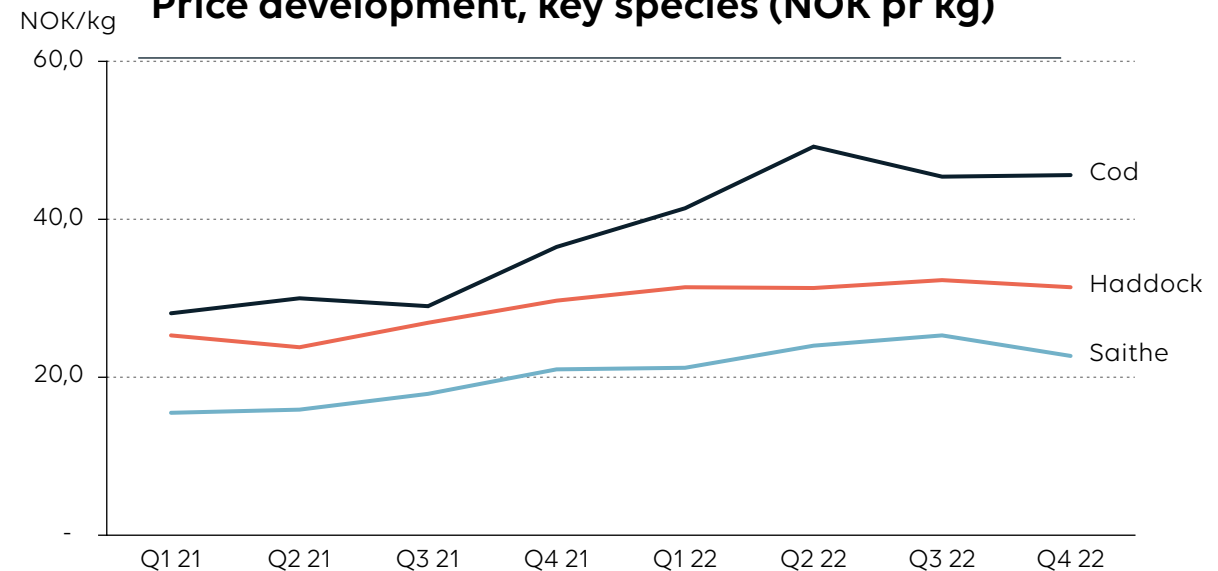
Wild catch highlights this quarter

- Lower quotas brings lower catch and thus as a significant negative y-o-y impact on profitability
- For 2022 positive development in the trawling fleet's profitability driven by high price realisation, while the same higher price realisation brings lower profitability in the land based industry
- Lower quotas expected in 2023 which will likely contribute to continued high prices as well as challenging conditions for the land based industry.

Revenue and EBIT wild catch



Price development, key species (NOK pr kg)



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

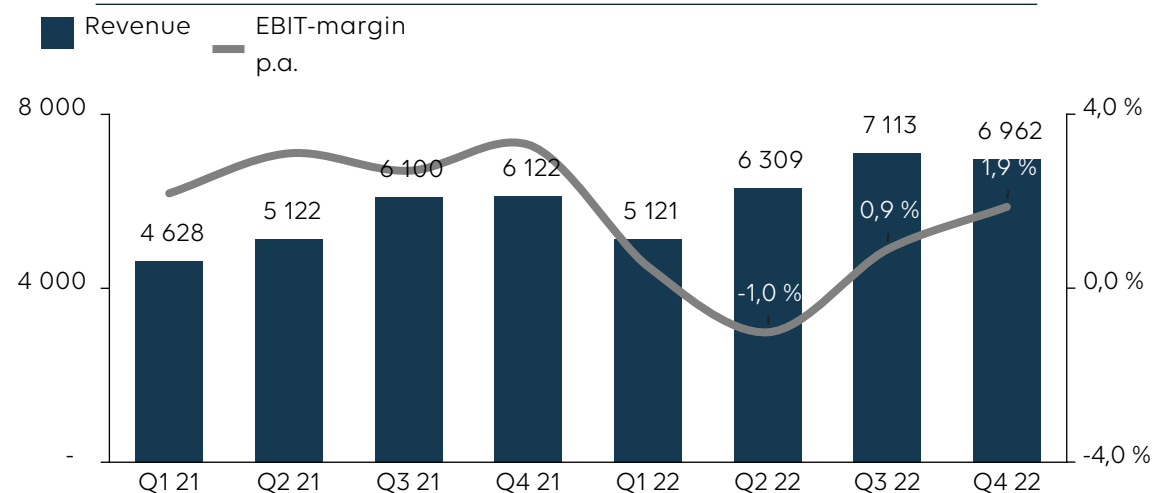
Catch volumes wild catch	Q4-22	Q4-21	2022	2021
Cod	5,7	8,8	23,7	26,6
Saithe	2,7	3,3	12,9	13,2
Haddock	1,4	1,5	10,4	10,9
Shrimps	0,0	0,0	9,3	9,4
Other	3,3	3,4	15,4	11,5
Total	13,1	17,1	71,7	71,5



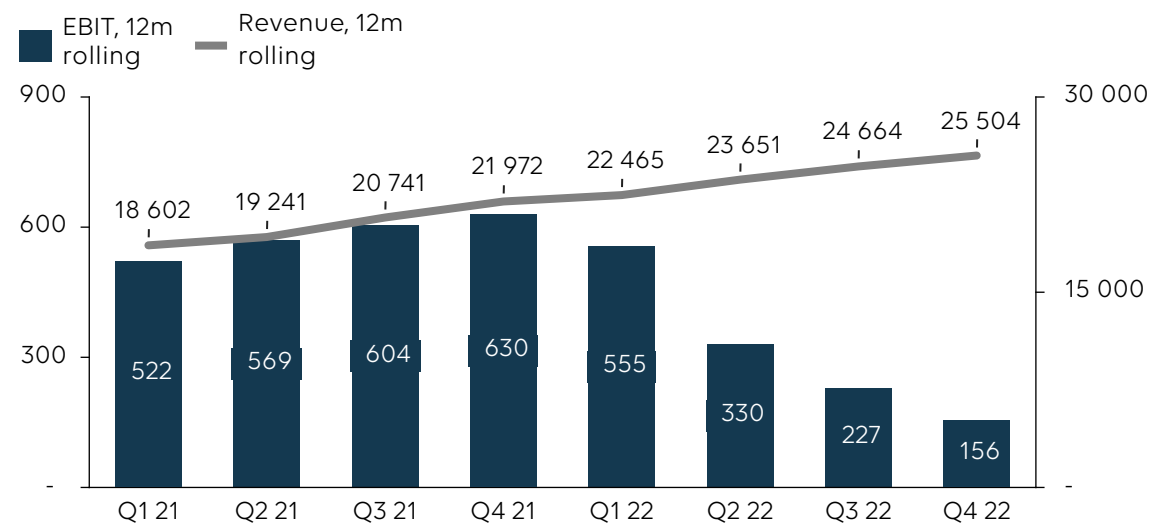
VAP S&D highlights this quarter

- All-time high revenue for 2022
- Significant demand uptick in 2022 has created record demand and also supply chain turmoil
- Improvement in profit level q-o-q and continued improvement expected in coming quarters

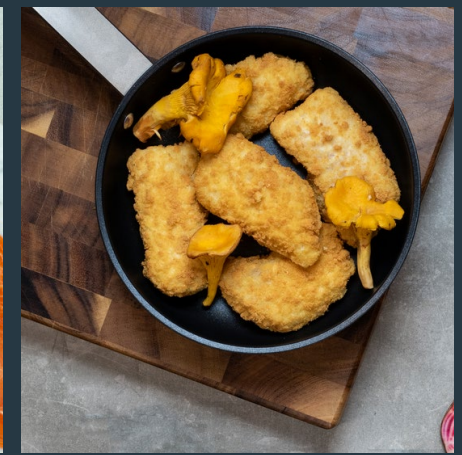
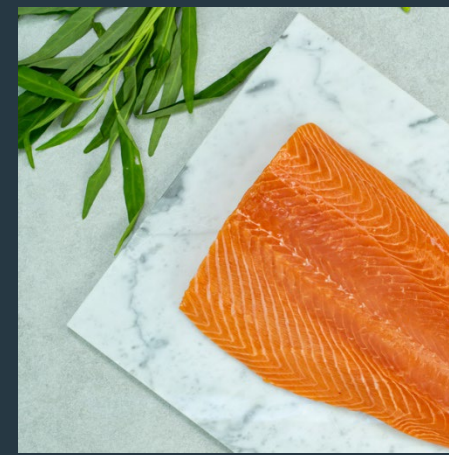
Revenue and EBIT VAP S&D (NOKm)



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



Our sales and processing operations now span 14 countries



Agenda

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

Profit and Loss statement

(NOKm)	Q4 2022	Q4 2021	%
Revenue	7 114	6 519	9%
Other gains and losses	-2	10	
EBITDA	1 141	1 224	-7%
Depreciation & amortisation	341	322	
EBIT*	800	902	-11%
Income from associates*	-68	-12	
Net finance	-81	-59	
Pre-tax profit*	652	830	84%
EPS (NOK)*	0,75	1,02	-26%
Salmon and trout harvest volume (GWT)	53 310	51 332	4%
EBIT* all incl. excl. Wildcatch/kg	15,2	16,1	
Whitefish catch volume (tonnes)	13 099	17 119	-23%
EBIT/kg Wildcatch	-0,7	4,3	
ROCE* (%)	12,6 %	16,7 %	

*Before fair-value adjustment of biomasse

Highlights this quarter

- Lower margin through value chain in Q4/22 compared to Q4/21 due to lower VAPS&D profitability
- Significantly lower profitability in Wild Catch due to lower catches
- A healthy profitability level, but lower than last year

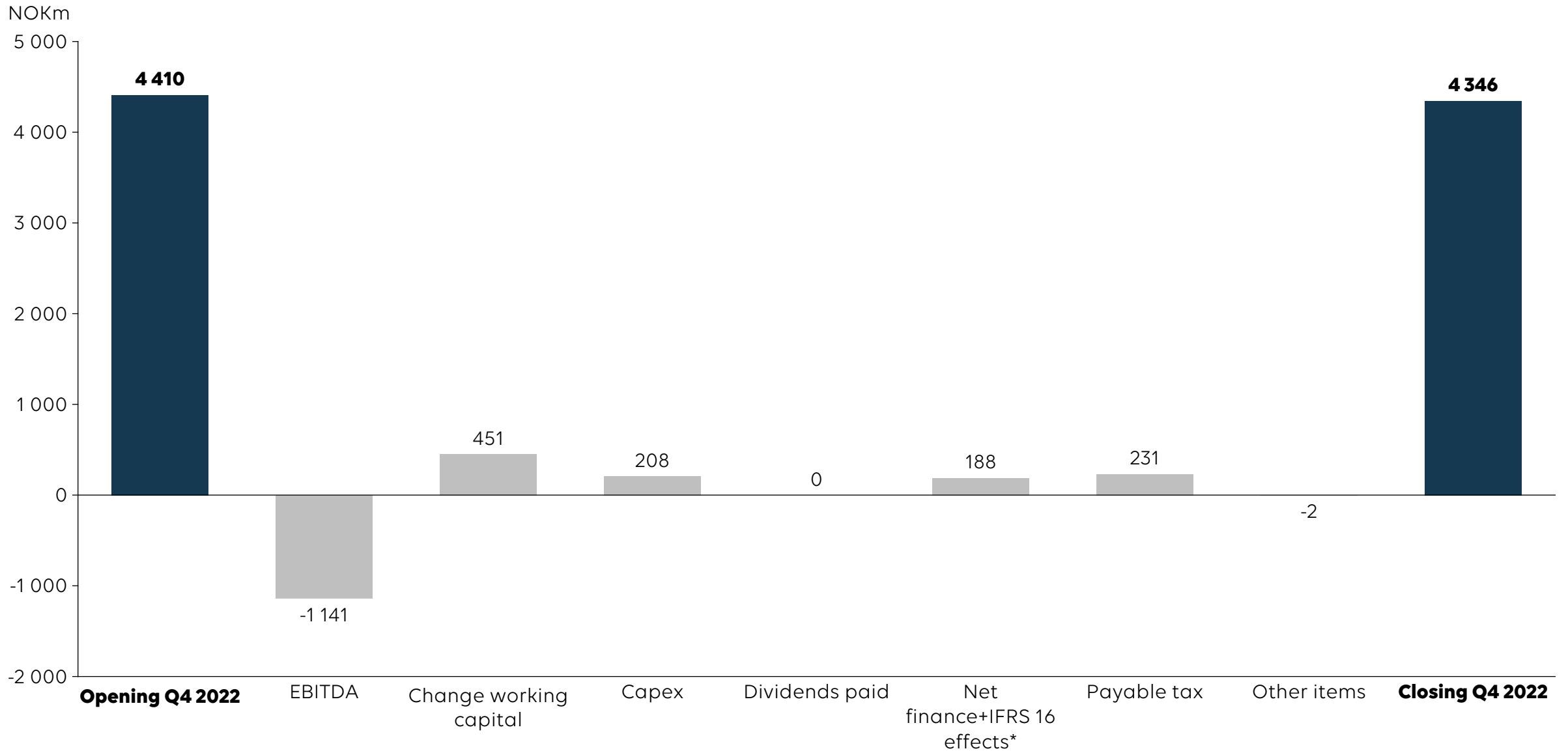
Balance sheet

(NOKm)	31.12.2022	31.12.2021	
Intangible assets	8 643	8 594	49
Right-of-use-assets	2 864	2 661	203
Tangible fixed assets	7 487	7 297	190
Financial non-current assets	1 565	1 457	108
Total non-current assets	20 559	20 010	549
Biological assets at cost	5 091	4 504	587
Fair value adjustment of biomass	2 526	1 451	1 076
Other inventory	2 308	1 257	1 051
Account receivables	2 717	2 174	543
Other receivables	555	595	-40
Cash and cash equivalents	3 305	4 203	-898
Total current assets	16 503	14 184	2 318
Total assets	37 062	34 194	2 868

Highlights this quarter

- Inflationary trends gives significant lift in working capital items
- Strong balance sheet
- Issuer credit rating BBB+
- NIBD of NOK 4,346m
- Equity ratio of 57%

Change in net interest-bearing debt this quarter



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



Significant positive impact



More than NOK 1,5bn in taxes and fees

3 500 employees in 60 municipalities


5 million daily meals

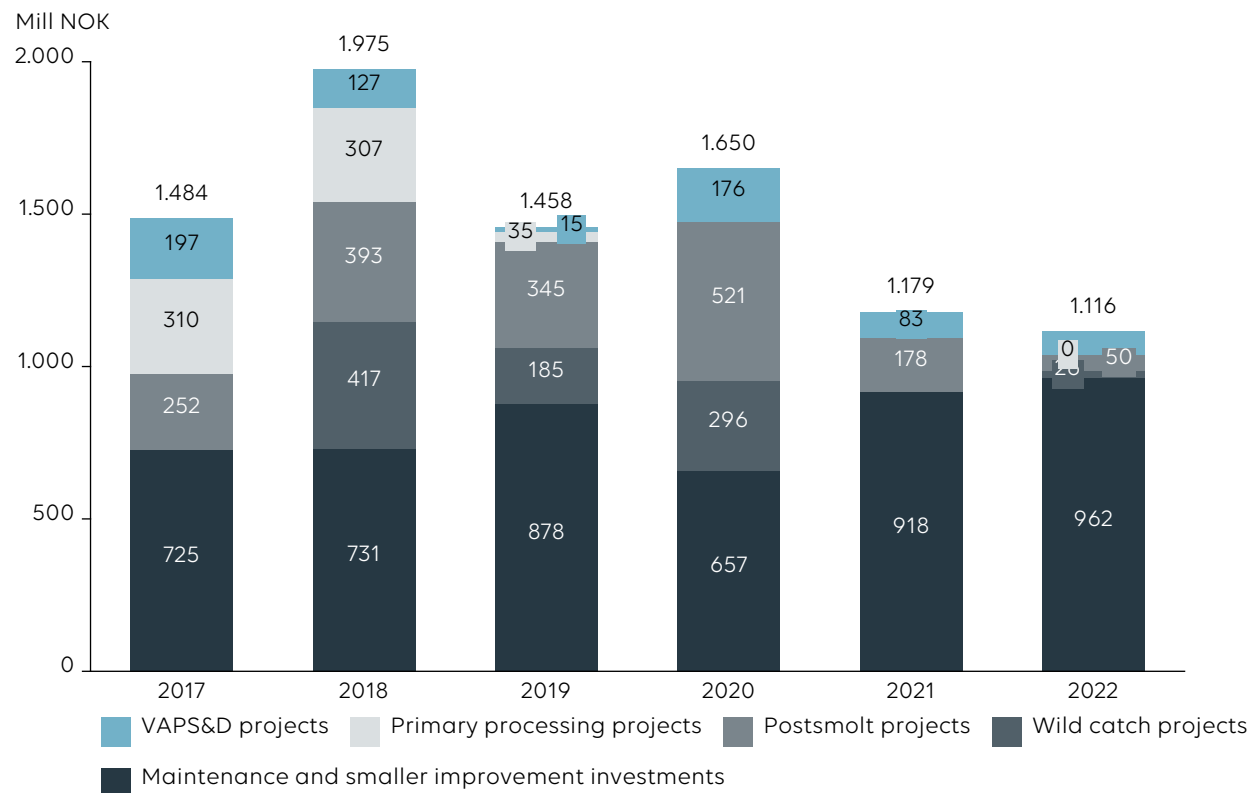
Employment effect of 13 000 people

NOK 13 bn of purchased goods
4 500 suppliers in 300 municipalities



Added uncertainty for future investment due to resource tax proposal

ANNUAL CAPEX INVESTMENTS



- Invested significantly in developing our value chain in recent years – the basis for our 2025 targets
- Annual investment in maintenance and smaller improvement projects in the range of NOK 900 million to continue
- Decisions made in 2022 for relocating to one processing site in Lerøy Sjøtroll and upgrading whitefish facility in Båtsfjord will impact investments in 2023

Agenda

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

in tons WFE

Year	2017		2018		2019		2020		2021		2022		2023	
Region	Volume	Change	Volume	Change	Volume	Change	Volume	Change	Volume	Change	Volume	Change	Volume	Change
Europe	1 493 900	4.5 %	1 505 100	0.7 %	1 650 500	9.7 %	1 675 900	1.5 %	1 895 500	13.1 %	1 845 300	-2.6 %	1 897 500	2.8 %
Norway	1 207 800	3.1 %	1 253 400	3.8 %	1 333 400	6.4 %	1 370 000	2.7 %	1 533 400	11.9 %	1 517 100	-1.1 %	1 554 800	2.5 %
United Kingdom	177 200	12.6 %	152 100	-14.2 %	190 500	25.2 %	178 300	-6.4 %	199 200	11.7 %	167 200	-16.1 %	182 100	8.9 %
Faroe Islands	80 300	3.9 %	71 700	-10.7 %	86 600	20.8 %	80 600	-6.9 %	105 500	30.9 %	99 500	-5.7 %	104 000	4.5 %
Iceland	11 600	43.2 %	13 600	17.2 %	24 500	80.1 %	31 200	27.3 %	41 500	33.0 %	42 900	3.4 %	40 100	-6.5 %
Ireland	17 000	7.6 %	14 300	-15.9 %	15 500	8.4 %	15 800	1.9 %	15 900	0.6 %	18 600	17.0 %	16 500	-11.3 %
Americas	799 000	9.2 %	897 700	12.4 %	927 600	3.3 %	1 036 430	11.7 %	1 000 700	-3.4 %	1 022 600	2.2 %	1 035 100	1.2 %
Chile	564 200	11.9 %	660 100	17.0 %	690 300	4.6 %	778 500	12.8 %	718 300	-7.7 %	751 600	4.6 %	759 800	1.1 %
Canada	137 000	-6.2 %	146 000	6.6 %	137 500	-5.8 %	136 800	-0.5 %	142 000	3.8 %	131 700	-7.3 %	128 000	-2.8 %
Australia	63 100	27.2 %	62 300	-1.3 %	60 900	-2.2 %	82 800	36.0 %	87 800	6.0 %	88 500	0.8 %	89 700	1.4 %
Others	13 000	44.4 %	10 300	-20.8 %	18 100	75.7 %	18 330	1.3 %	33 600	83.3 %	31 300	-6.8 %	39 100	24.9 %
USA	21 700	-3.6 %	19 000	-12.4 %	20 800	9.5 %	20 000	-3.8 %	19 000	-5.0 %	19 500	2.6 %	18 500	-5.1 %
Total	2 292 900	6.1 %	2 402 800	4.8 %	2 578 100	7.3 %	2 712 330	5.2 %	2 896 200	6.8 %	2 867 900	-1.0 %	2 932 600	2.3 %

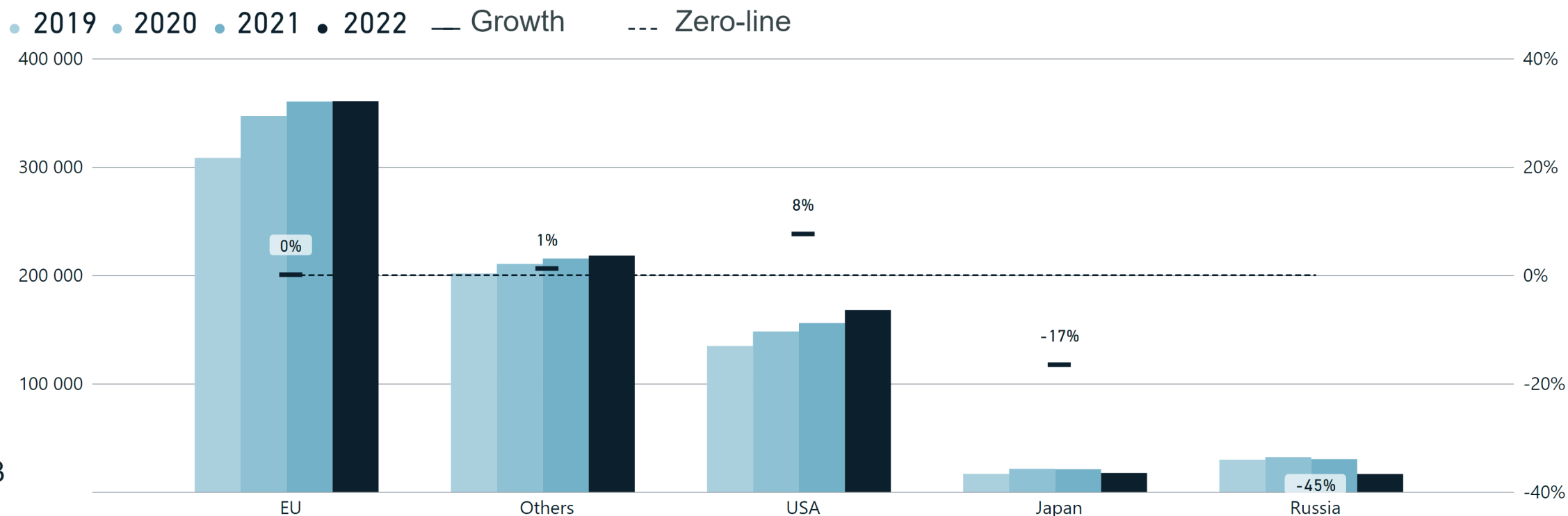
Figures as per:
13.02.2023

Source: Kontali

Atlantic Salmon Consumption

Q4

Market	2019	2020	2021	2022	Growth	Growth %
EU	308 328	346 823	360 303	360 683	380	0.1 %
Others	201 648	210 427	215 469	218 112	2,643	1.2 %
USA	134 673	148 085	155 878	167 766	11,889	7.6 %
Japan	16 621	21 374	21 006	17 531	-3,474	-16.5 %
Russia	29 702	32 127	30 278	16 503	-13,775	-45.5 %
Total	690 972	758 835	782 933	780 596	-2,337	-0.3 %



Figures as per:
13.02.2023

Source: Kontali



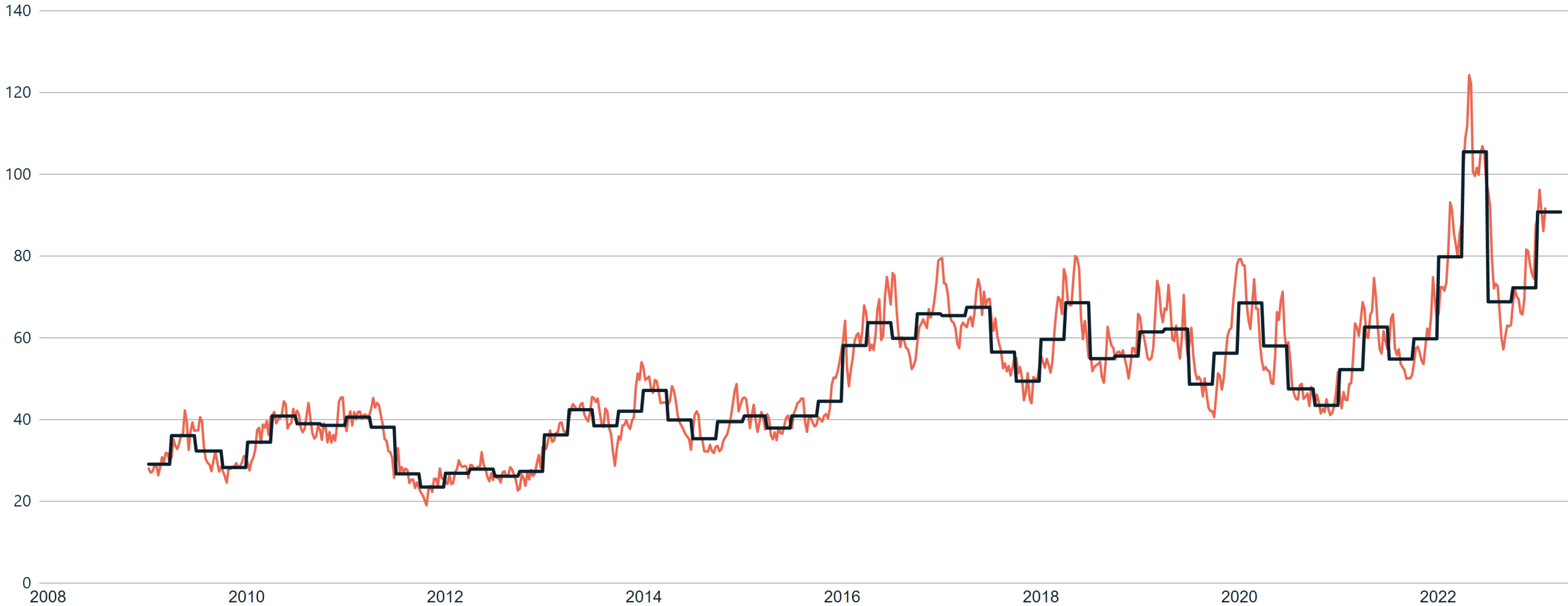
Spot Prices, Fresh Atlantic Salmon

- Cross Section, FCA Oslo, Superior Quality

as of week 5-2023

Quarter	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Q1	29	34	40	27	36	47	41	58	65	60	61	68	52	80	91
Q2	36	41	38	28	42	40	38	64	67	68	62	58	63	105	
Q3	32	39	27	26	38	35	41	60	56	55	49	47	55	69	
Q4	28	38	23	27	42	39	44	66	49	55	56	43	60	72	
Total	31	38	32	27	41	40	41	62	59	59	57	53	57	79	91

— Weekly Price NSI FCA Oslo — Quarterly Price NSI FCA Oslo



Outlook strongly affected by resource taxation

Farming

- Proposed "resource tax" impacts from 1 January 2023 and brings significant uncertainty
- Expect harvest volume incl. share of associated of around 193,500 GWT in 2023
- Inflationary trend will give higher cost in 2023 counterbalanced by operational improvements

Wild Catch

- Healthy profitability in 2022
- Likely development in 2023 quotas:
 - Cod down 20%
 - Haddock down 5%
 - Saithe north of 62: +15%
 - Saithe south of 62: +19%



VAP S&D

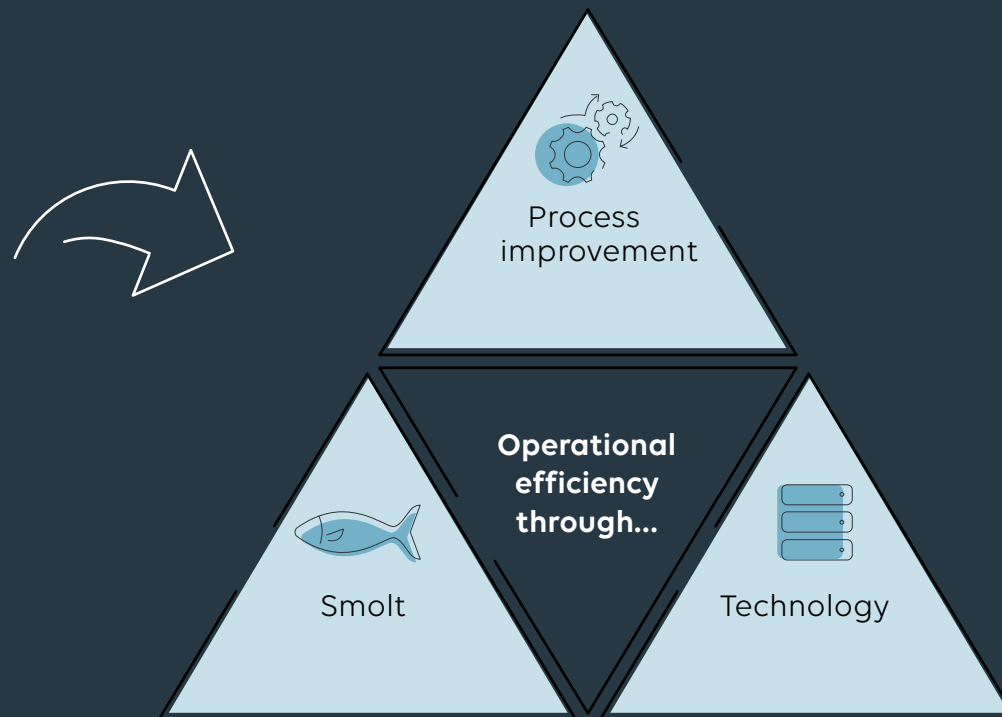
- Expect improved earnings 2023 vs 2022
- Resource tax adds uncertainty and challenges to value added processing activity in particularly Norway
- Demand impact from lack of contract is difficult to evaluate

We have defined a clear roadmap with strategic initiatives to increase operational efficiency and profitability

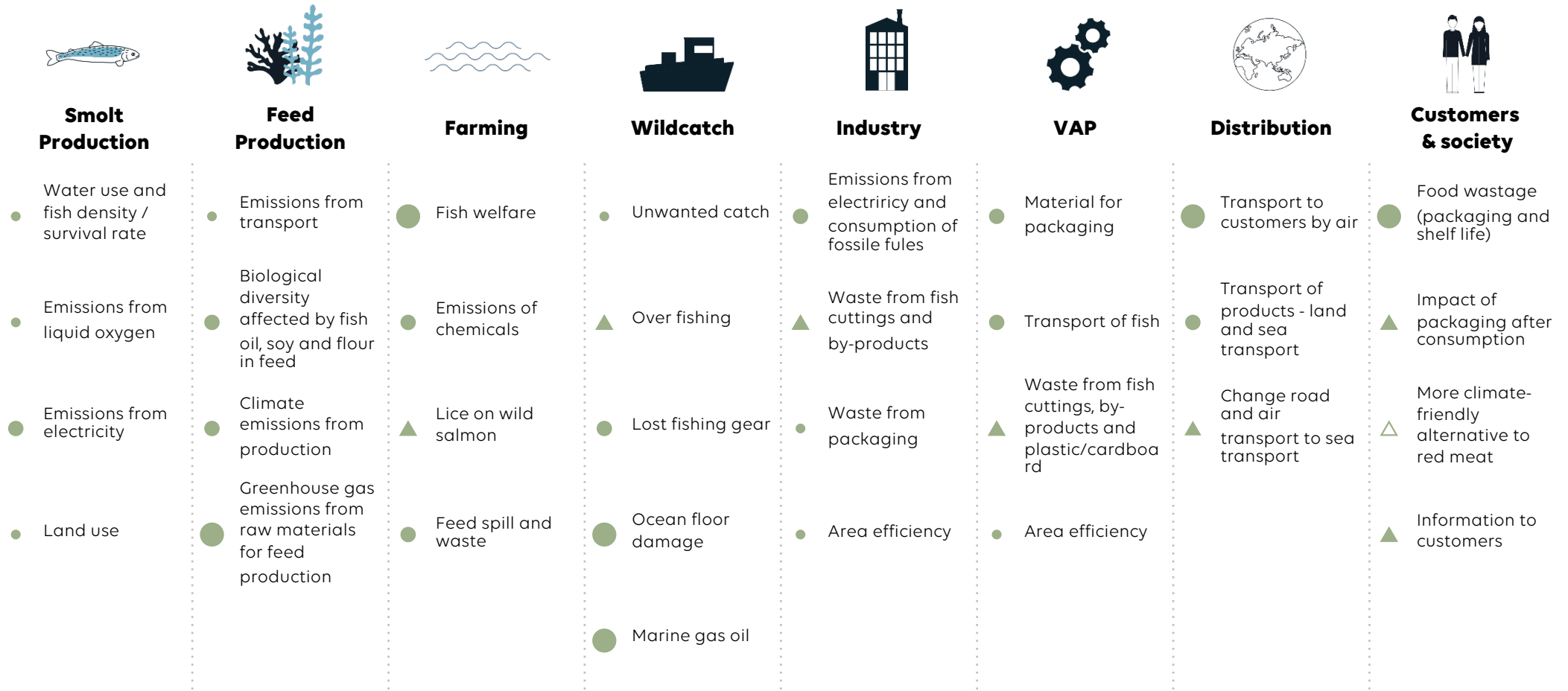


Our portfolio of strategic initiatives that are followed up every month – targeted financial effect estimated to **0,8 – 1,2 bn NOK**

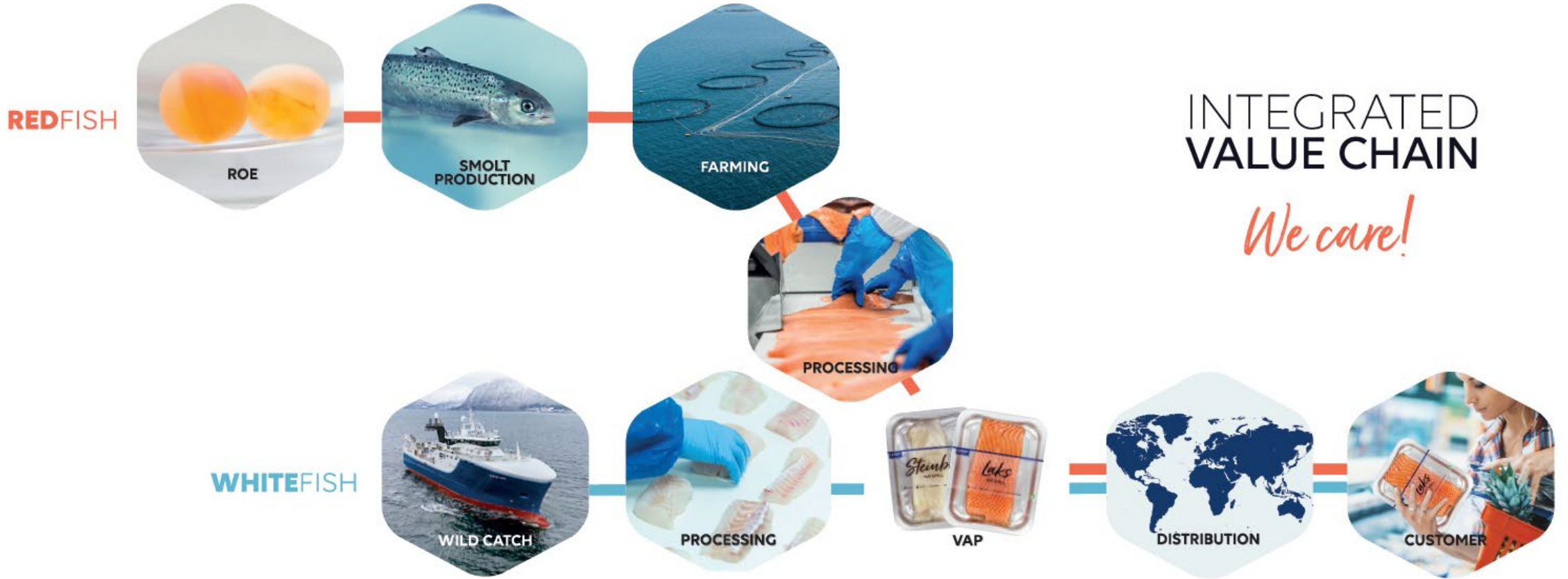
-  Ongoing strategic initiatives
-  Effect realization phase



We are working on reducing our environmental impact in daily operations – across our value chain...



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



Q & A



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