

Lerøy Seafood Group ASA

Q1 2024

Henning Beltestad

CEO

15 May 2024

Sjur Malm

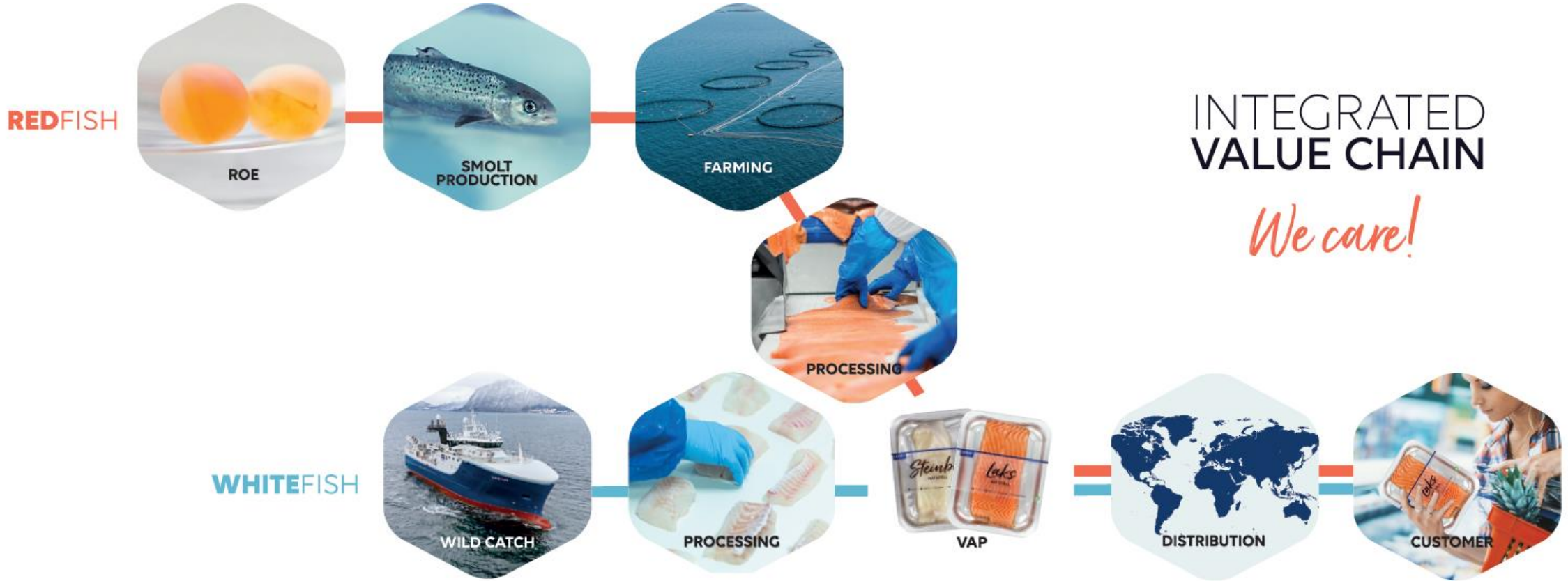
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Agenda

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

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

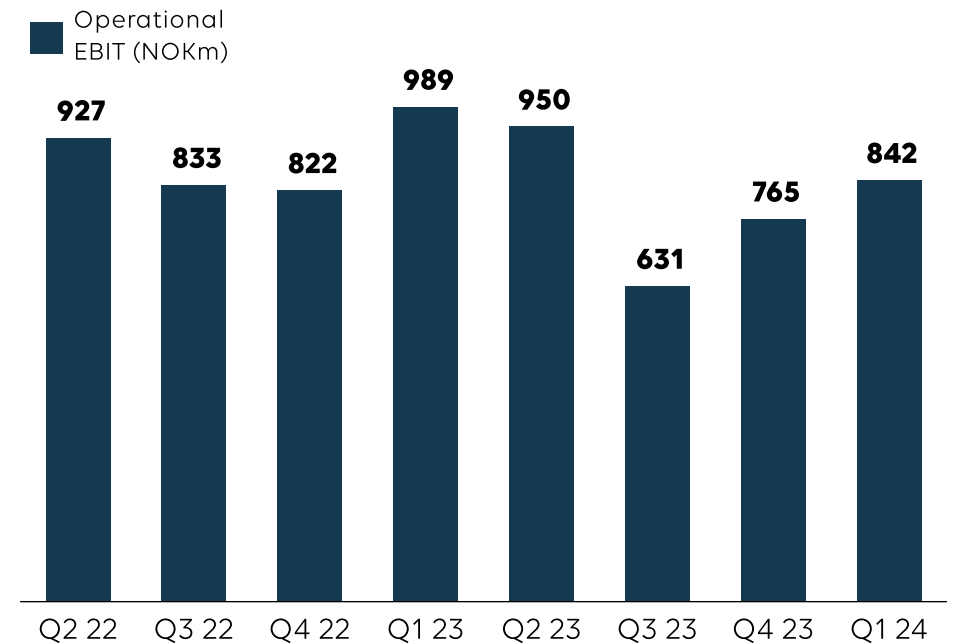




Highlights of the quarter

- Operational EBIT of MNOK 842 (vs MNOK 989 Q1 23)
- Good biological development in Q1 24, but low temperatures impact growth
- Biology and earnings at Scottish Seafarms is improving
- Significant improvement in earnings for the VAPS&D segment
- Healthy earnings in Wild catch, but challenging outlook on lower quota
- Harvest target 2025 reduced 5,000 GWT, as licence capacity reduced following traffic light system
- The Board has proposed a dividend of NOK 2.5 per share

Operational EBIT (NOKm)



Segments

Farming



Wild catch



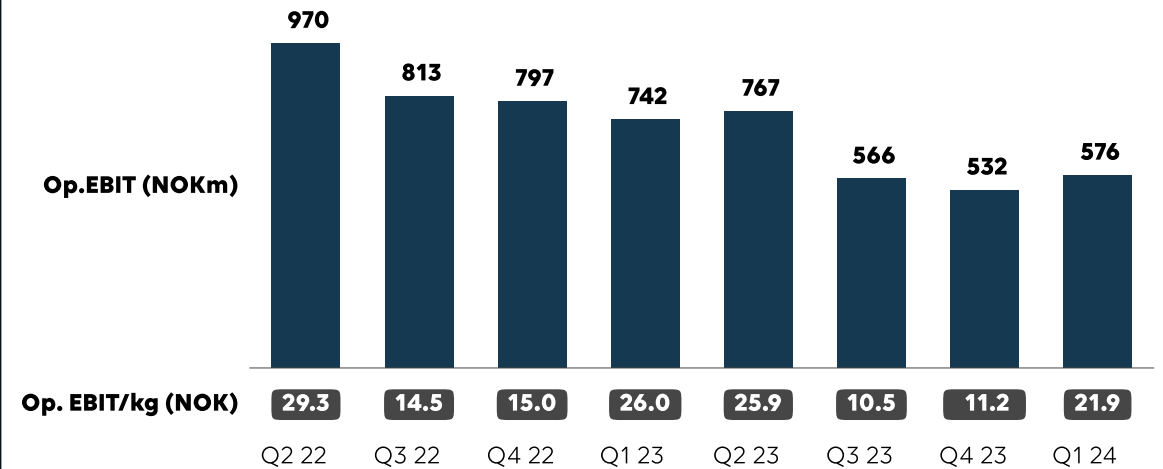
VAP, Sales & Distribution



Farming highlights this quarter

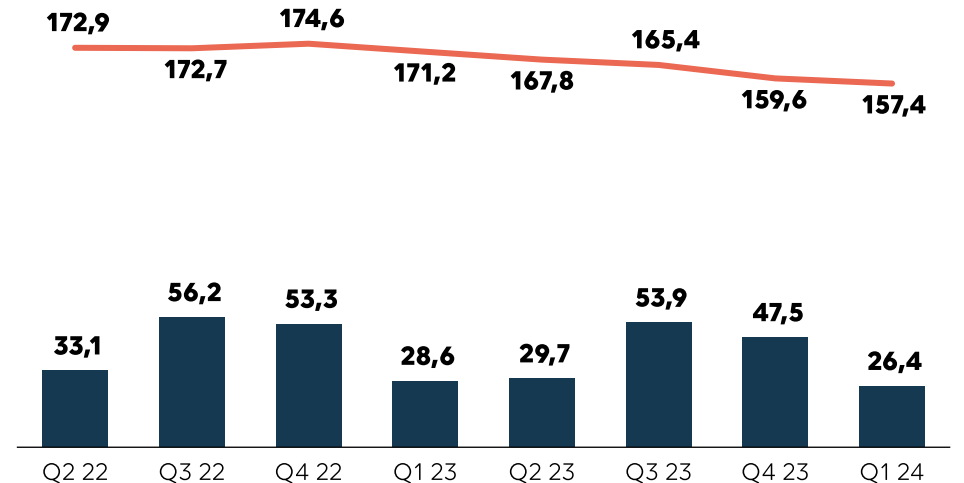
- Strong biological development in start of 2024
- Low sea temperatures
- Shielding technology remain promising; minimal need for lice treatments
- Seasonally low harvest volume in Q1 24
 - Impact cost per kg harvested
- High spot prices, but price achievement impacted by contracts and quality downgrades

Operational EBIT Farming



Harvest volume (1,000 GWT)

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

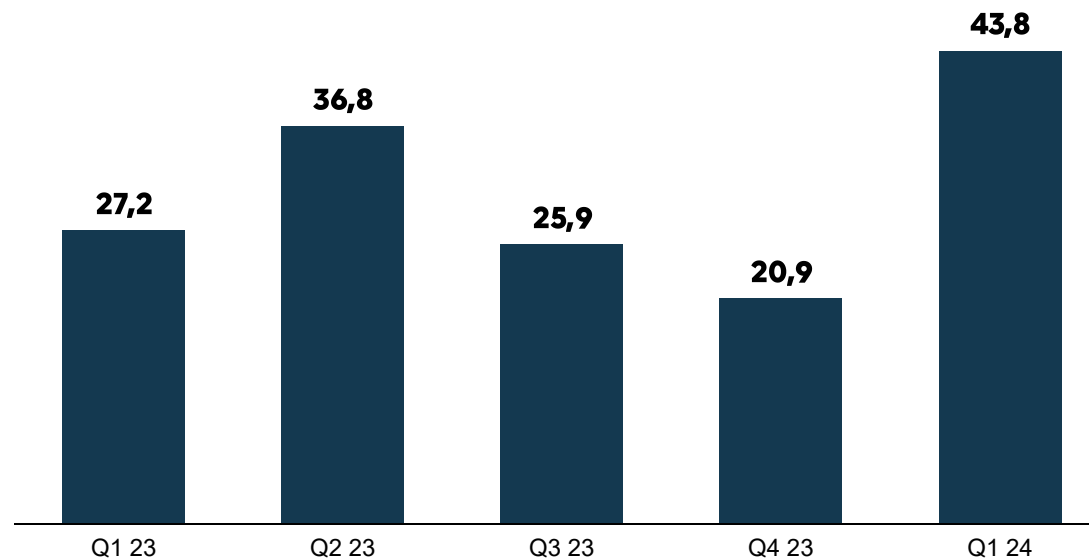


Lerøy Aurora

- Strong biological performance
- Biomass growth affected by very low sea temperature
- Substantial increase in harvest weights vs Q1 23 lifting price realisation
- Cost level for 2024 expected slightly higher than for 2023

Lerøy Aurora	Q1 2024	Q1 2023	YTD 2024	YTD 2023
Revenue (NOKm)	602	515	602	515
Operational EBIT (NOKm)	222	136	222	136
Harvested volume (GWT)	5 982	5 698	5 982	5 698
Harvest weight (avg. in kg)	4,6	3,7	4,6	3,7

Operational EBIT/kg value chain (in NOK)



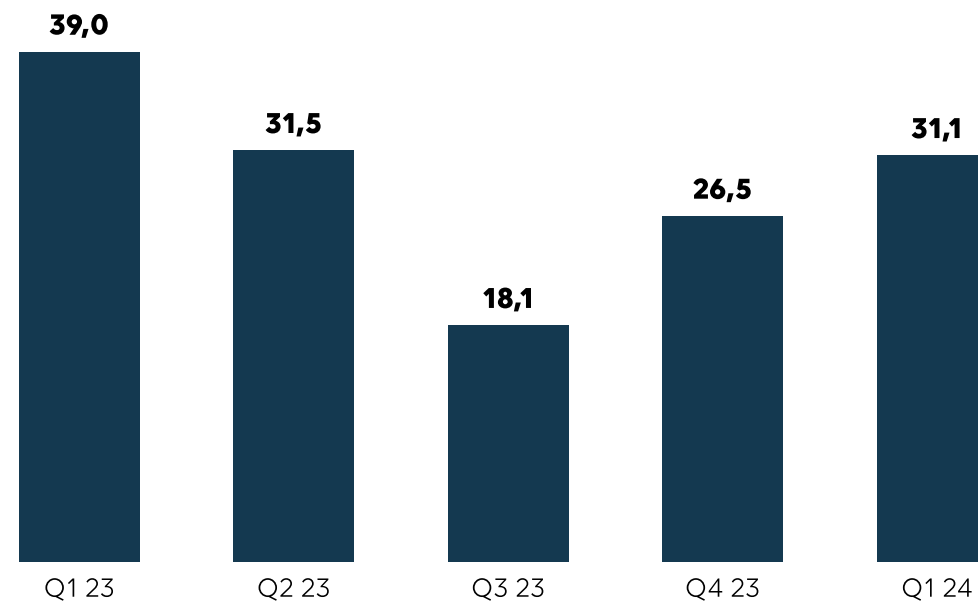
The value chain consists of farming and VAPS&D

Lerøy Midt

- Higher biomass growth in Q1 24 than Q1 23
- Significant increase in harvest volumes in Q1 24 compared to Q1 23
- Harvest weights on level with last year, but price achievement impacted by quality downgrades
- Cost level for 2024 expected slightly higher than for 2023

Lerøy Midt	Q1 2024	Q1 2023	YTD 2024	YTD 2023
Revenue (NOKm)	1 228	862	1 228	862
Operational EBIT (NOKm)	334	309	334	309
Harvested volume (GWT)	13 692	8 667	13 692	8 667
Harvest weight (avg. in kg)	4,1	4,2	4,1	4,2

Operational EBIT/kg value chain (in NOK)



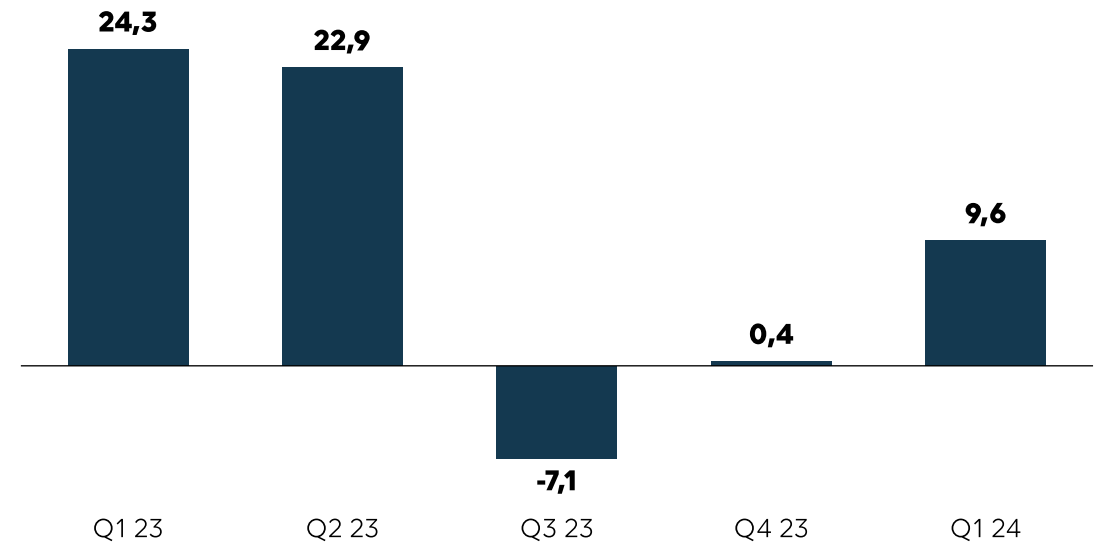
The value chain consists of farming and VAPS&D

Lerøy Sjøtroll

- Strong biological development
- Affected by string jellyfish in Q4 23. Low biomass into 2024, but building biomass following strong growth start of 2024
- Positive start of 2024, with expectation of clear improvements from
 - Smolt quality
 - New farming technology
 - Increased production of trout
- Cost level for 2024 expected at same level as 2023, but with significant y-o-y reduction in H2 2024
- Production area 3 and 4 coloured red in traffic light, with a 6% license capacity reduction as consequence. Harvest target for 2025 reduced by 5,000 GWT.

Lerøy Sjøtroll	Q1 2024	Q1 2023	YTD 2024	YTD 2023
Revenue	667	1 253	667	1 253
Operational EBIT (NOKm)	20	298	20	298
Harvested volume (GWT)	6 702	14 237	6 702	14 237
Harvest weight (avg. in kg)	3,7	3,7	3,7	3,7

Operational EBIT/kg value chain (in NOK)



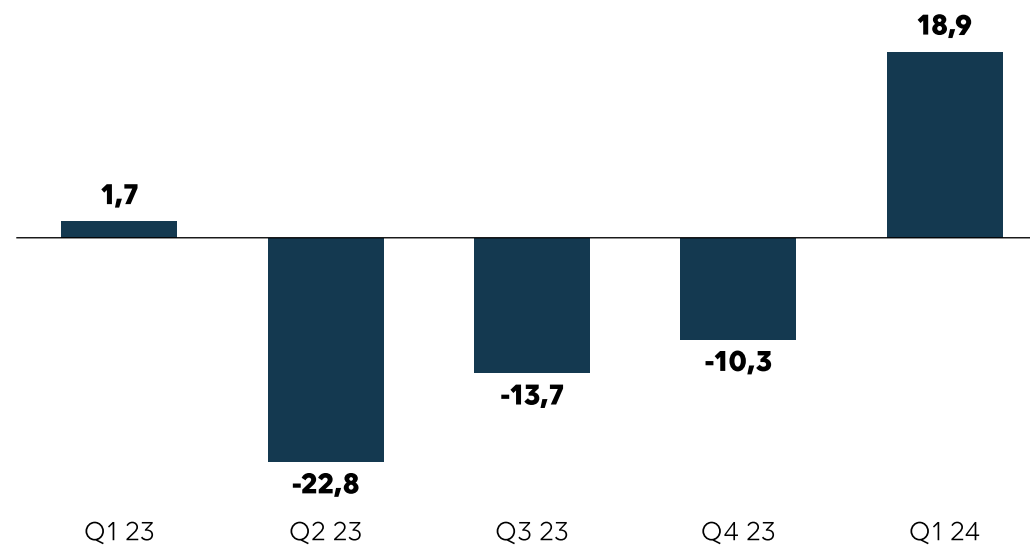
The value chain consists of farming and VAPS&D

Norskott Havbruk (50% owned)

- Improved biological status in all regions
- Harvest volume up 41% y-o-y with significant improvement in profitability
- 45% of volumes sold on contracts with negative impact on price realisation
- Lower cost level expected in Q2 2024
- Harvest guidance for 2024 remains at 37,000 GWT

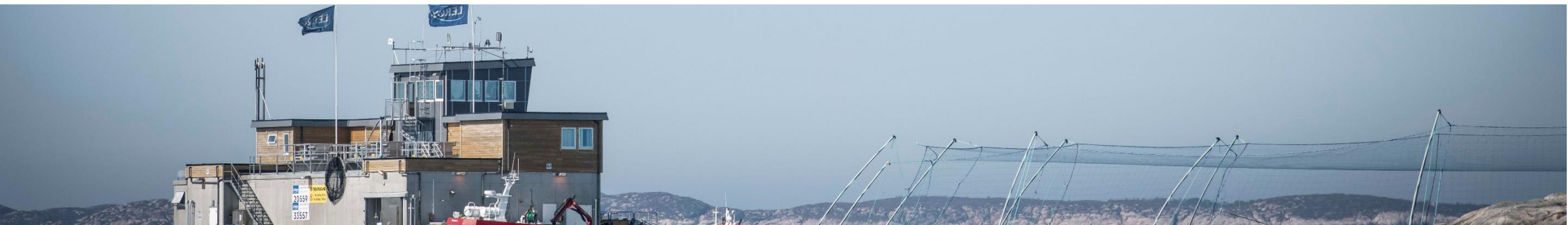
100% basis, in NOKm	Q1 2024	Q1 2023	YTD 2024	YTD 2023
Revenues	848	506	848	506
Operational EBIT	138	9	138	9
Harvested volume (GWT)	7 297	5 170	7 297	5 170
Operational EBIT/kg	18,9	1,7	18,9	1,7
NIBD	3 015	2 391	3 015	2 391

Operational EBIT pr kg (in NOK)



Farming volumes (1000' GWT)

Farming volumes	2019	2020	2021	2022	2023	2024E	2025 Target
Lerøy Aurora AS	32,8	35,0	44,0	40,1	43,1	47,0	50,0
Lerøy Midt AS	64,8	67,9	72,6	68,8	61,3	70,0	80,0
Lerøy Sjøtroll	60,6	68,0	70,0	65,7	55,2	58,0	70,0
Total Norway	158,2	170,9	186,6	174,6	159,6	175,0	200,0
Scottish Seafarms (Lerøy's 50% share)	12,9	12,0	16,2	18,0	12,4	18,5	
Total	171,1	182,9	202,8	192,6	172,0	193,5	

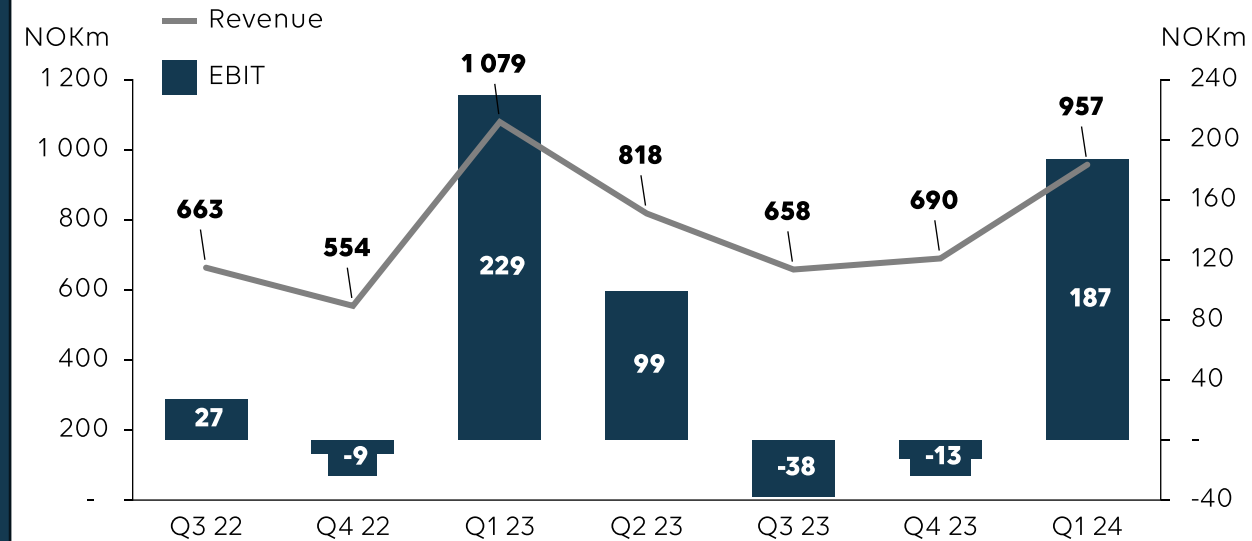


Wild catch highlights this quarter

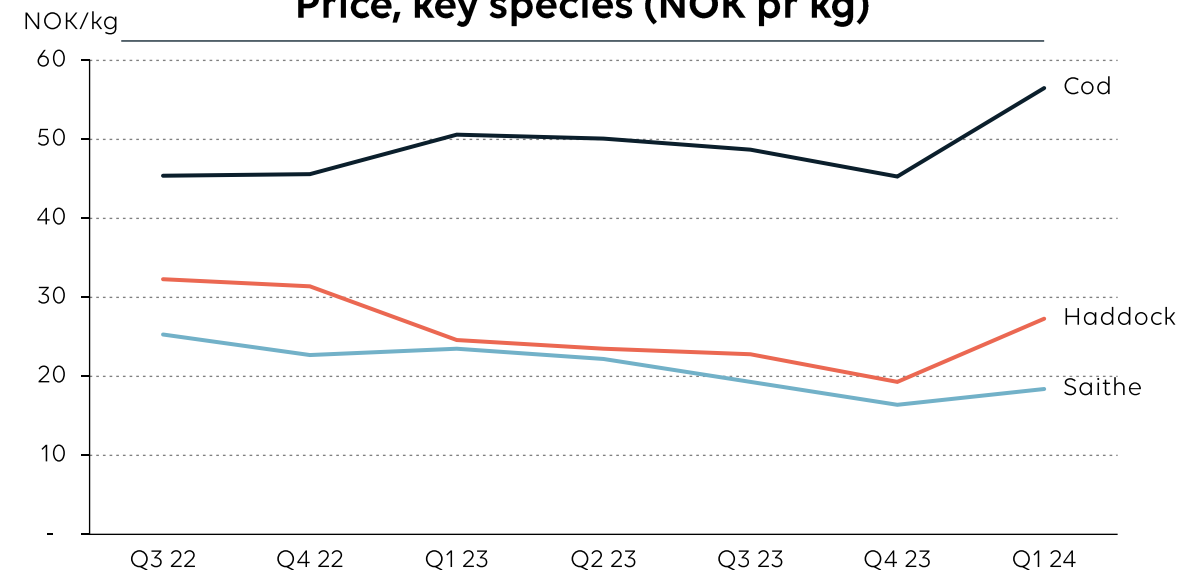
- Good catch volumes, but impacted by lower quotas
- Historical high cod price in Q1 24
- Cod quota down 34% and haddock down 43% in 2024 compared to 2023. Will impact profitability in 2024
- New regulations on quotas ("Kvotemelding") approved by the Norwegian Storting which will allocate quota from the trawling fleet to the coastal fleet

* Equal to reported EBIT

Revenue and Operational EBIT* Wild catch



Price, key species (NOK pr kg)

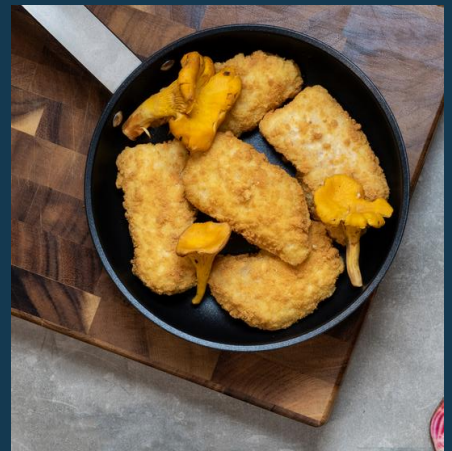


Wild catch quotas and catch volumes (GWT 1,000)

Catch volumes wild catch	Q1-24	Q1-23	Remaining quota 2024	Remaining quota 2023
Cod	6,7	8,0	6,3	11,7
Saithe	7,1	5,7	9,8	11,4
Haddock	5,0	7,3	1,1	3,3
Shrimps	1,4	-		
Other	4,0	4,3		
Total	24,1	25,3	17,2	26,4



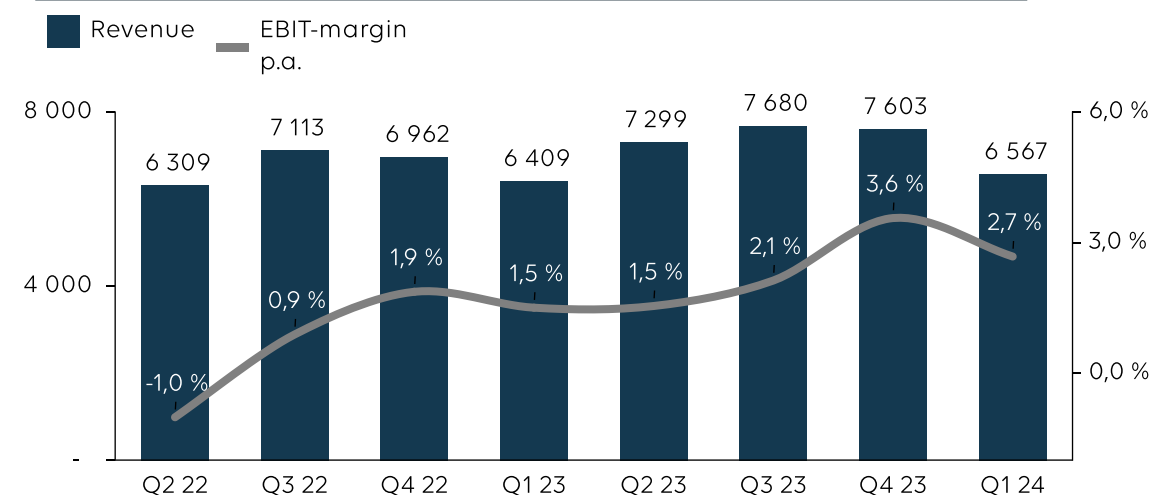
Sales and processing operations in 14 countries



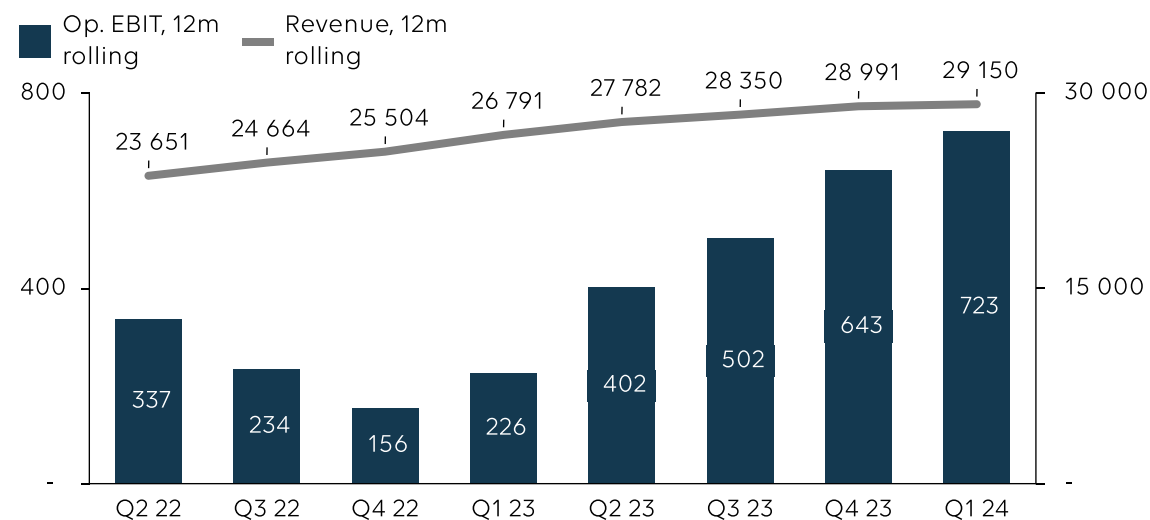
VAP, S&D highlights this quarter

- Positive development in first quarter, with significant y-o-y improvement
- Higher profitability compared to Q1 23 driven by
 - Operational improvements
 - High utilisation in processing capacity in Norway
 - Higher product prices better reflecting raw material cost

Revenue and Operational EBIT VAP, S&D (NOKm)



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



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Profit and Loss statement

(NOKm)	Q1 2024	Q1 2023	▲%
Revenue and other income	7 110	6 971	2%
Operational EBITDA**	1 234	1 337	-8%
Depreciation, amortisation, impairments	392	347	
Operational EBIT**	842	989	-15%
EPS (NOK)*	0,81	1,04	-22%
Salmon and trout harvest volume (GWT)	26 376	28 602	-8%
Operational EBIT** all incl. excl. Wildcatch/kg	24,9	26,6	
Whitefish catch volume (tonnes)	24 093	25 269	-5%
Operational EBIT/kg Wildcatch	7,7	9,1	
ROCE* (%)	14,3%	16,1%	

Highlights this quarter

- Slightly lower volumes and lower margins gives a y-o-y decrease in operational EBIT

*Excluding: Fair value adjustments related to biological assets

**Operational EBIT: Excludes fair value adjustments related to biological assets and production fees (essentially a tax item), in line with market practice. Isolated events not expected to reoccur, such as restructuring costs and litigation costs are also excluded.

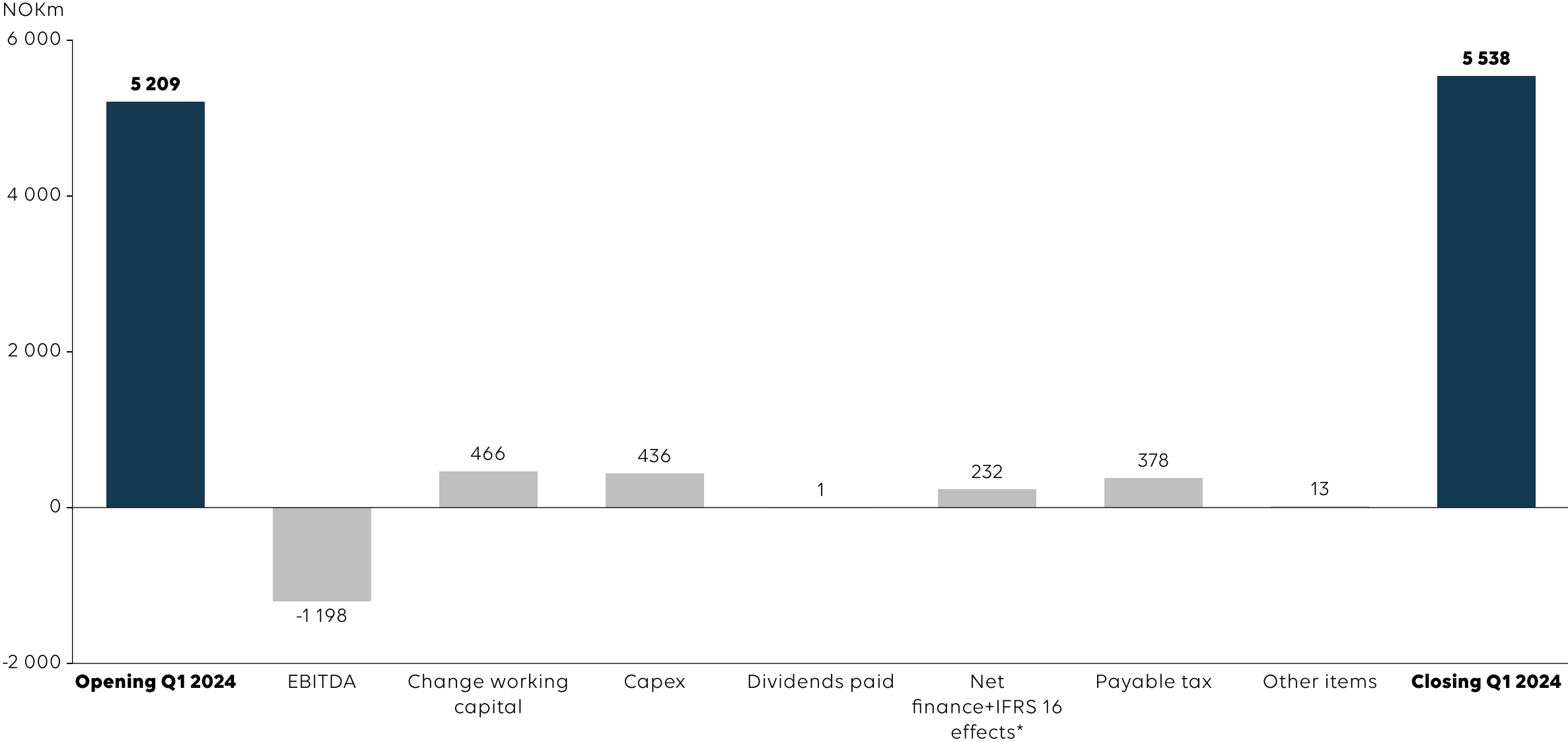
Balance sheet

(NOKm)	31.03.2024	31.03.2023	▲
Intangible assets	8 989	8 704	285
Right-of-use-assets	2 745	2 845	-100
Tangible fixed assets	8 361	7 636	725
Financial non-current assets	1 665	1 622	43
Total non-current assets	21 760	20 806	954
Biological assets at cost	6 177	5 356	821
Fair value adjustment of biomass	2 698	3 073	-375
Other inventory	2 328	2 449	-121
Account receivables	2 791	2 621	170
Other receivables	971	754	217
Cash and cash equivalents	4 293	3 585	708
Total current assets	19 258	17 838	1 421
Total assets	41 019	38 644	2 375

Highlights this quarter

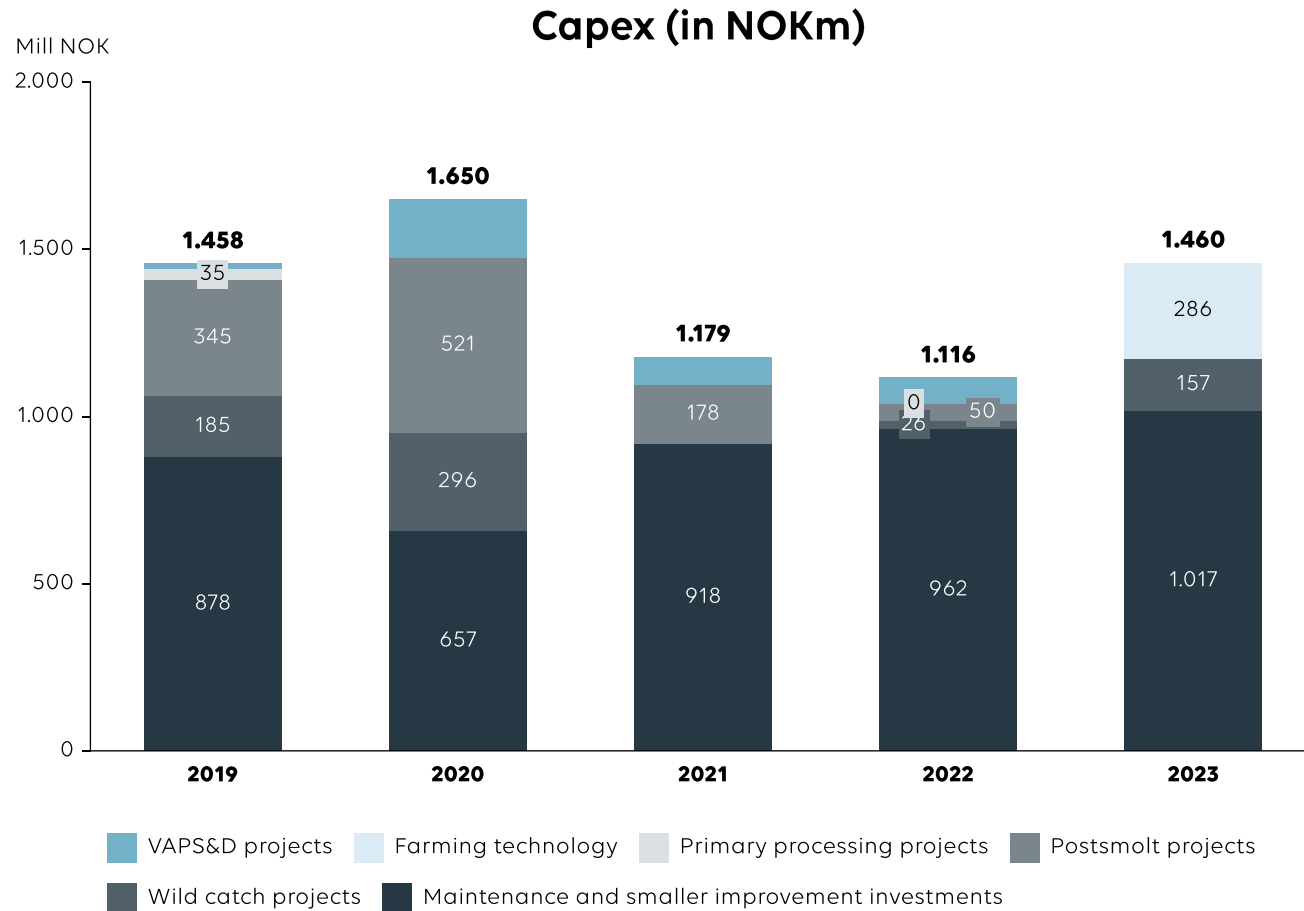
- Working capital impacted by biomass growth
- Strong balance sheet
- Issuer credit rating BBB+
- NIBD of NOK 5,538m
- Equity ratio of 50%

Change in net interest-bearing debt this quarter



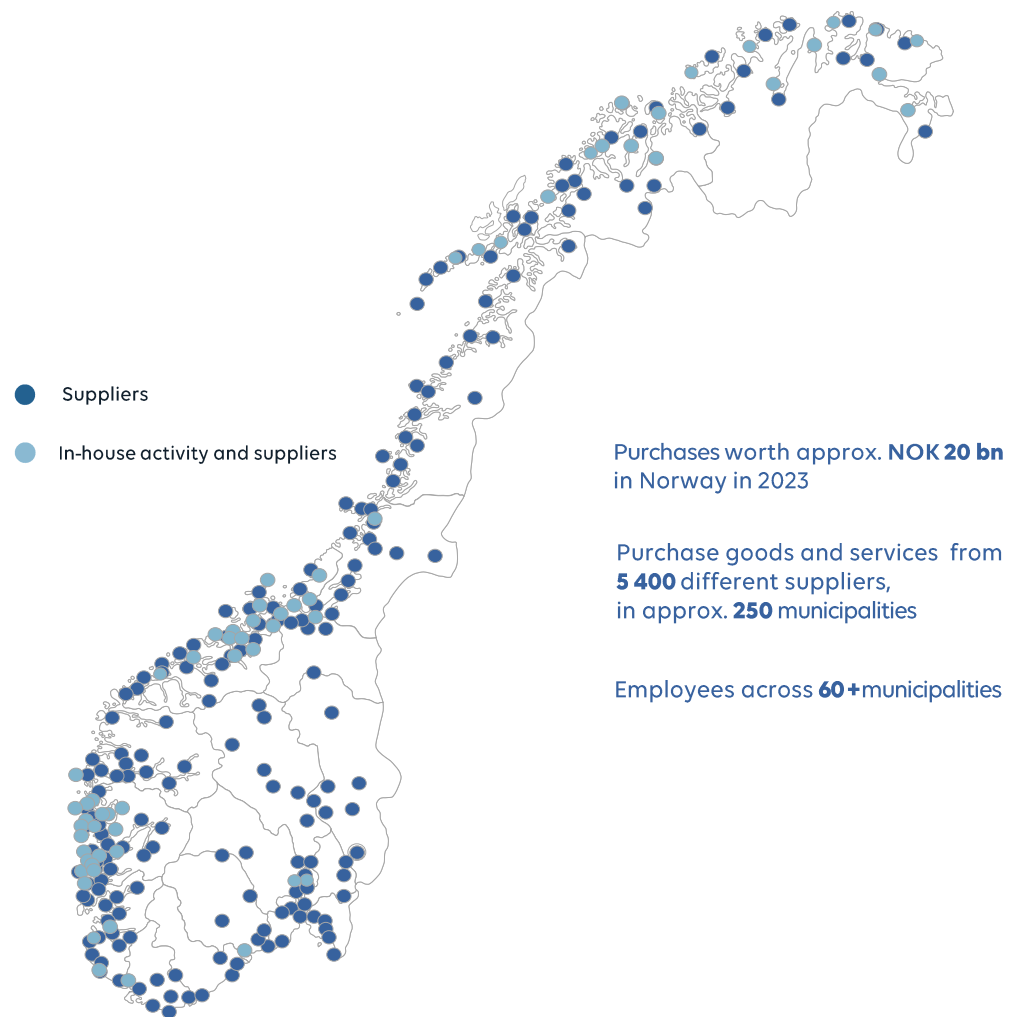
*Includes instalments on lease liabilities to others than credit institutions (IFRS 16)

Prioritizing investments that will improve biology and fish welfare



- Maintenance capex and smaller upgrades of around NOK 1bn
- Investing significantly in new technology and strategic projects in farming:
 - NOK 500m in new shielding technology
 - NOK 200m in improving smolt quality
- Estimated capex for 2024 is NOK 1.8bn

Lerøy has extensive activities in Norway...



...with significant positive impact on society

Employment

3 900

direct employees in Norway

6 200

indirectly related jobs

10 100

jobs in total,
(direct and indirect)

Value creation (NOK)

7.3

billion in direct
value creation

7.2

billion in indirect
value creation

14.5

billion in overall
value creation

Taxes (NOK)

2.1

billion

Lerøy paid 0.6 billion in direct taxes and 0.7 billion in indirect taxes, while employee income tax withholdings totalled 0.8 billion.

Agenda

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BG

Making progress on strategic targets, but some targets are stretched

>50 ●

bn NOK in revenue by 2030

~ 30 bn NOK in 2023

#1 ●

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

1,25 ●

bn NOK in EBIT for
VAP S&D by 2025

643 MNOK in 2023

46% ●

reduction in total GHG
emissions by 2030
(baseline 2019)

~ 15,5% reduction in 2023

200.000 ●

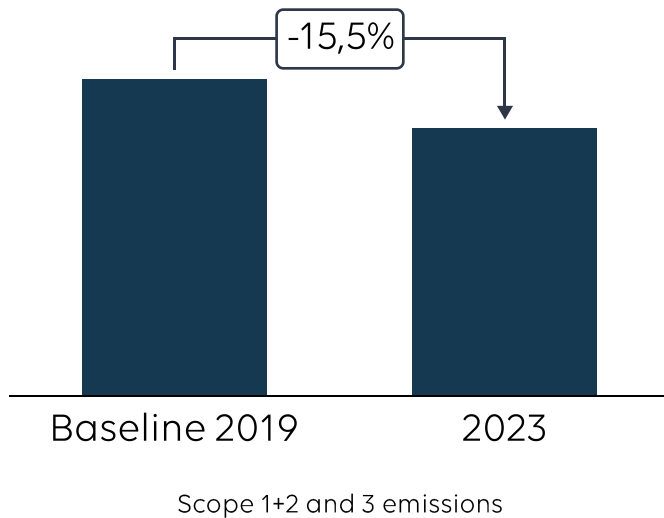
tonnes harvested in 2025
(Salmon and trout in Norway)
Reduced 5,000GWT following traffic light

~ 160.000 in 2023

BG

On track to comply with the 1.5C threshold in the Paris agreement

Our emissions



Our ambition

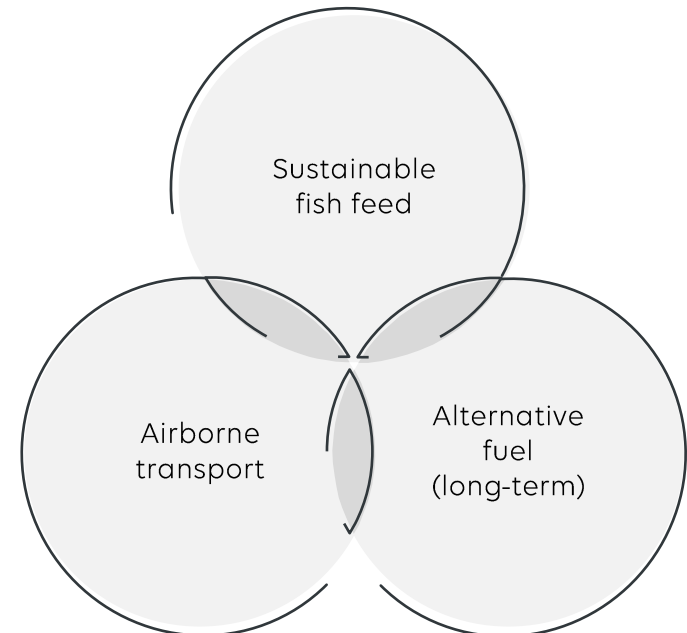
We have set ambitious targets based on the Paris agreement, committing to...



46%

reduction in greenhouse gas emissions by 2030 (baseline 2019)

Focus areas

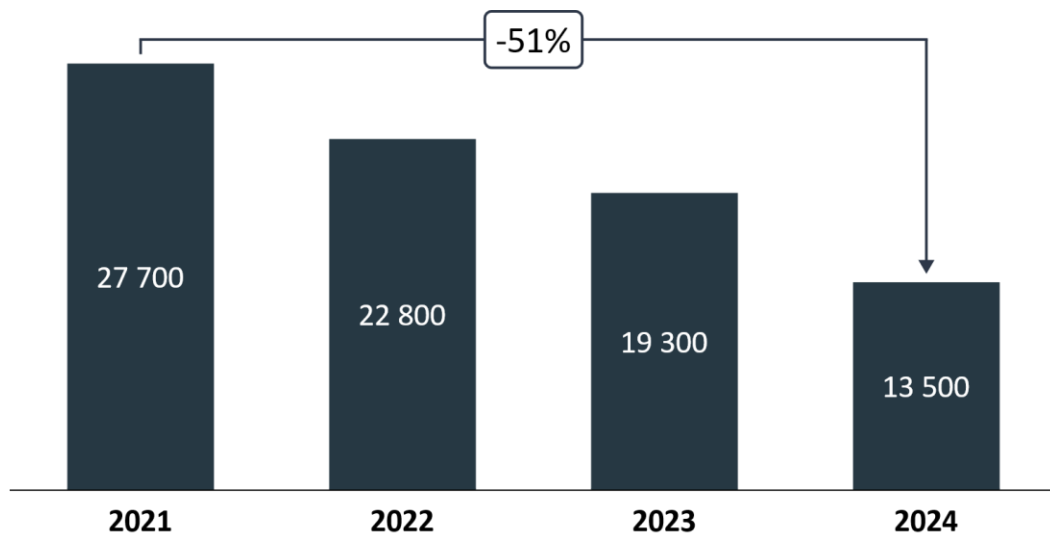


By focusing on feed and transport we will make a significant impact in line with our 2030 target

Wild Catch

Reduced earnings potential as cod quotas reduced. EBIT guidance withdrawn

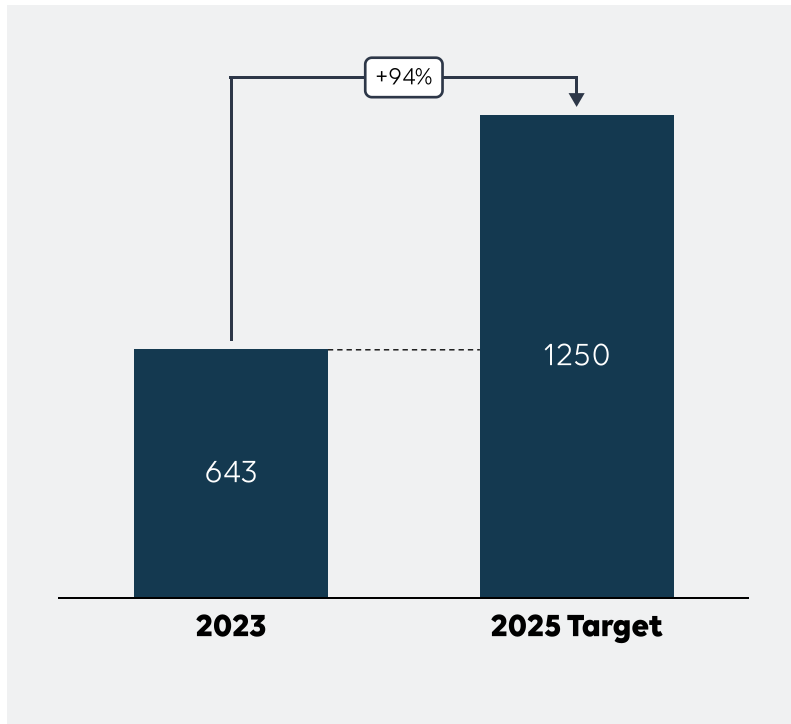
Cod quota development (in tonnes HOG)



- Significantly lower quotas on main species cod and haddock
- As of today, best indication is that cod quota will be further reduced in 2025 with further impact on company's quota from "Kvotemelding".
- Also historically, quotas have fluctuated, but the low levels in 2024 and 2025 will impact value creation
- Improved EBIT contribution in VAP,S&D from whitefish

Promising outlook

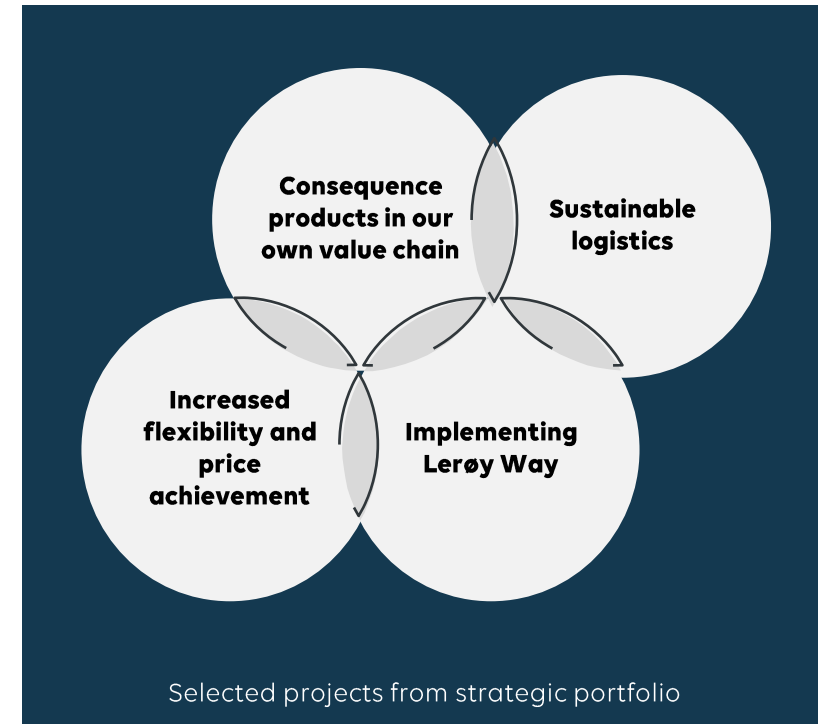
Operational EBIT target (NOKm)



Short-term actions

- Higher utilisation of our VAP factories through volume growth, achieving economies of scale
- Improvement of VAP factories in certain European markets with expected substantial uplift in 2024
 - EBIT-improvement (y-o-y) of NOK 100+ improvement in one key market
 - Lerøy Way principles implemented with clear targets, roles and responsibilities, actions plans, market plans and a culture for continuous improvements

Long-term actions



VAP S&D

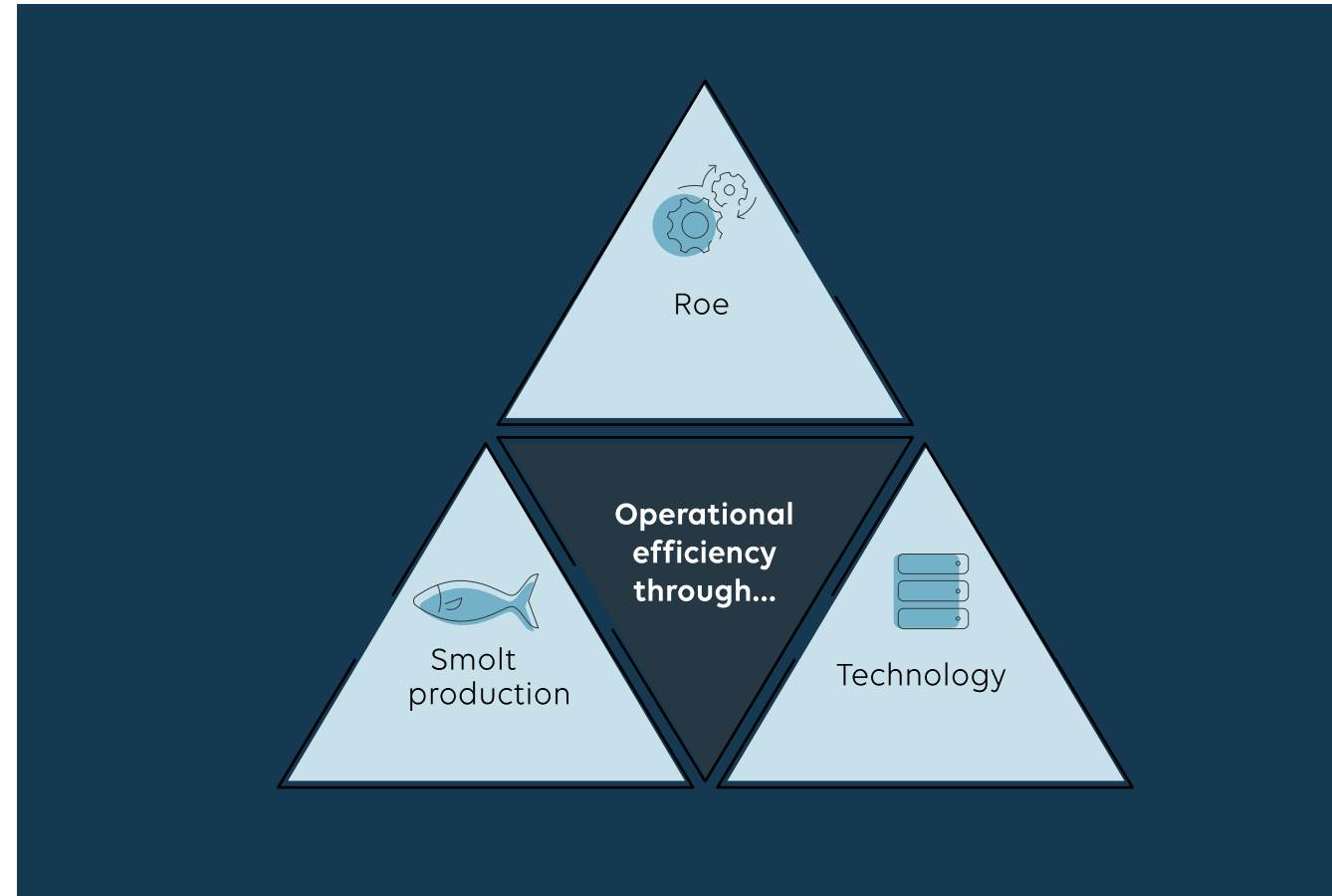
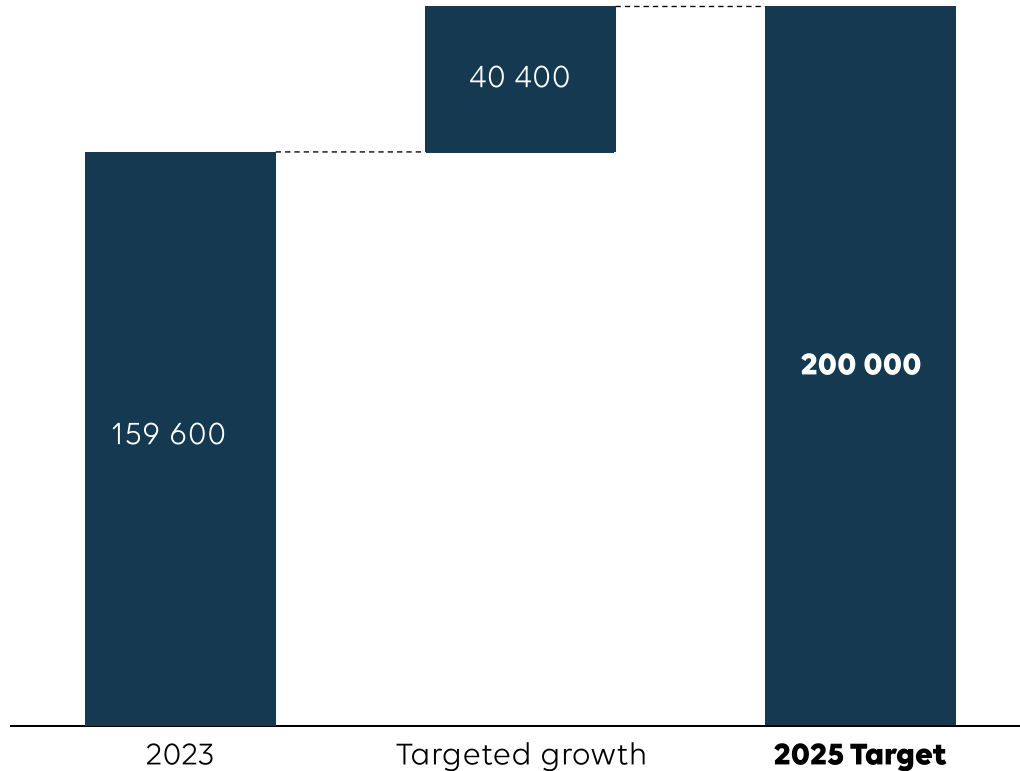
Using the entire fish through productive innovation, driving sustainability and supporting our strategy within VAP S&D



Farming

Reaching 2025 harvest target through operational improvements

Tonnes harvested salmon and trout



Farming

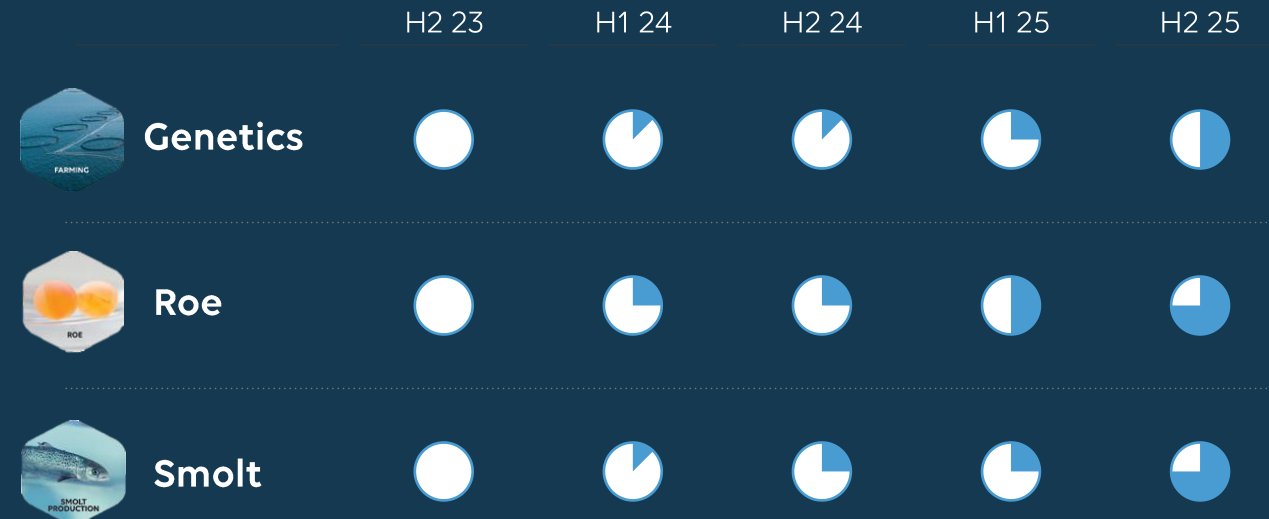
Improvements in roe and smolt expected to yield results from harvest in 2025

High-quality roe and smolt

- Improved genetics expected to contributing to higher growth rate in sea
- Process improvements in roe and smolt production, e.g. new improved production protocols making the fish more robust
- Phasing in new breeding generation

Resulting in better performance

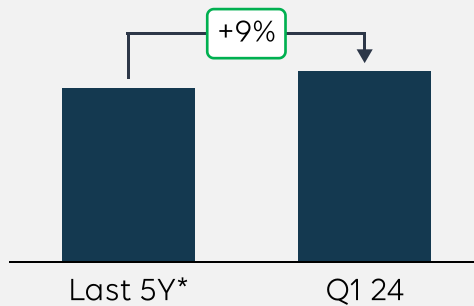
Illustration of when different measures will impact results/harvest



Farming

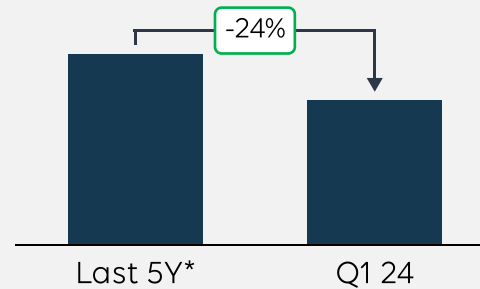
Strong biological performance

Net growth rate

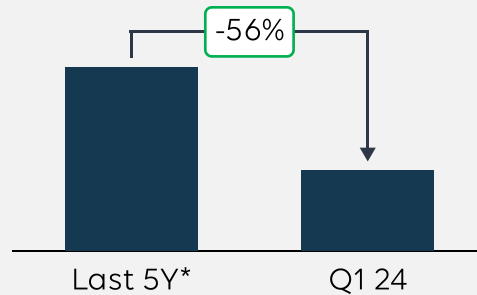


Mortality

Average daily percentage, number of fish



Lice treatments



*Average first quarter 2019-2023

- Strong start of 2024 in terms biological performance, despite low sea temperatures
 - Explained by improved roe, smolt, genetics and new technology
- Quality downgrades an issue in Q1 24 due to winter wounds and string jelly fish
- Less winter wounds (Moritella) expected next winter
 - Shielding technology, and less treatments
 - Vaccination against Moritella in process

Farming — shielding technology

Shielding technology remains promising – approaching harvest Q3 24

Results so far

- Shielding technology shows exceptional results so far
- High learning curve
- Low level of lice treatments
- Improved fish-welfare, with high survival rates expected

Investment

- Remaining capex of ~500 MNOK to reach 30-35% shielding by end of 2024

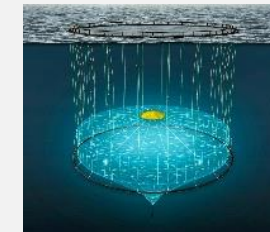
Current situation and target

- Close to 20% of salmon (number of fish) shielded as of April 24
- Targeting 30-35% by end of 24

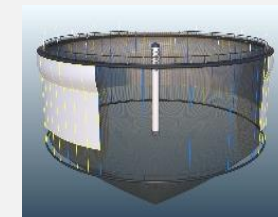
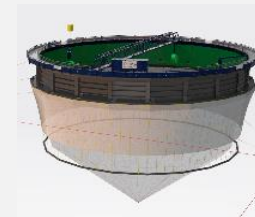
Approaching harvest

- First harvest of shielded salmon expected Q3 24

Submerged cages

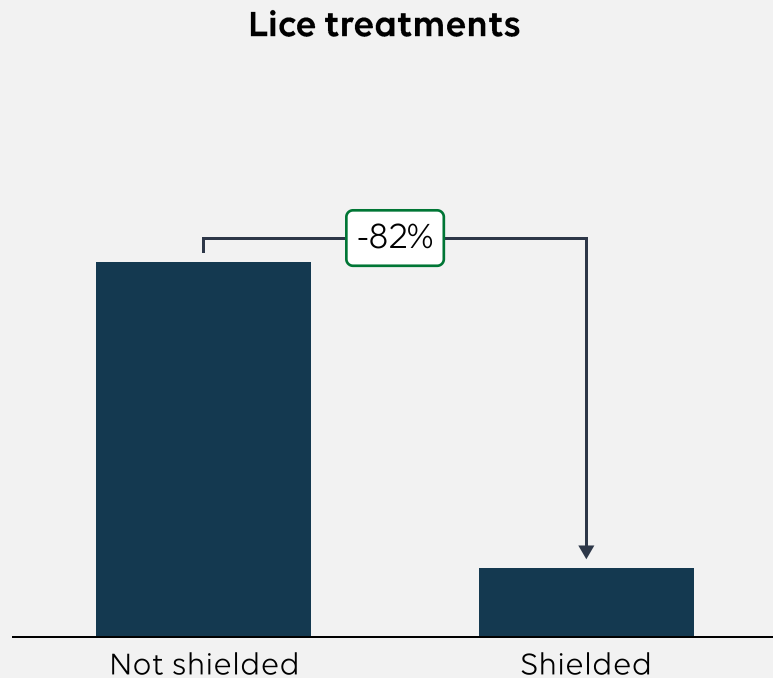


Semi-closed containments



Farming — shielding technology

Fish welfare improving as lice treatments are significantly reduced



Average performance of salmon generation fall 23 and spring 24, Lerøy Sjøtroll and Lerøy Midt

- Zero lice treatments in submerged cages
- Some lice treatments in semi-contained cages, but still low frequency compared to open cages
- Currently low sea temperatures and thus seasonally low lice pressure
- Expect benefits from shielding technology during summer months when lice pressure is highest
- Further benefits expected over time with respect to survival rates, superior share and overall fish welfare

Outlook

Farming

- Positive start of 2024 after a challenging 2023.
- Contracts share 2024 currently around 25%
- Expect to see significant improvements from :
 - Roe and Smolt quality
 - New farming technology
 - Process improvement/Implementing LerøyWay

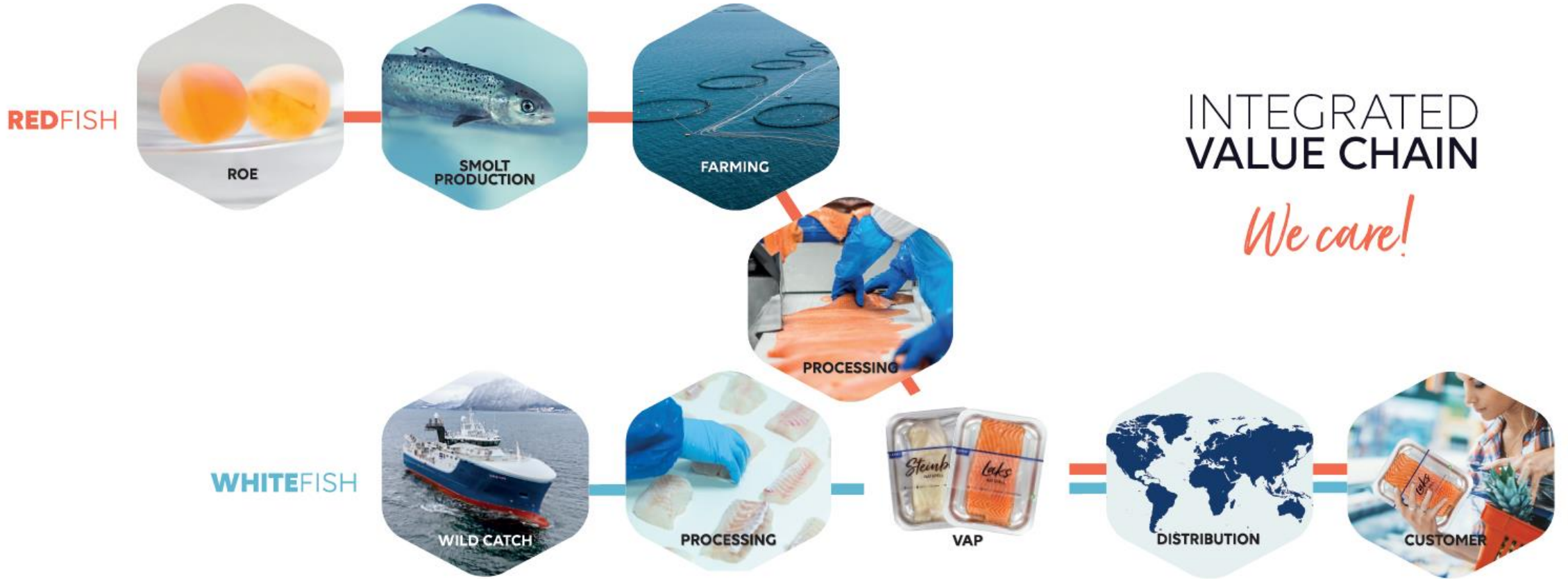
Wild Catch

- Challenging quota situation into 2024
- Quotas for 2024
 - Cod down 34%
 - Haddock down 43%
- Outlook for quota for 2025 as of today is for further reduction

VAP, S&D

- Increased demand for integrated, sustainable, value chain
- Improved market share in some key markets, utilising the potential of our value chain
- Large variation in profitability in different units, and clear potential for growth in profitability in 2024

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



Q & A



The Norwegian
Seafood Pioneer