

Driving Sustainability in Aquaculture

Q3 FY23 Presentation

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GENETICS

ADVANCED NUTRITION

HEALTH

Agenda

- 1. Highlights
- 2. Operational Update
- 3. Financial Update
- 4. Outlook
- 5. Q&A





Highlights

Strong performance YTD despite headwinds in Q3

Q3 results reflect weak shrimp markets and anticipated seasonality in Health

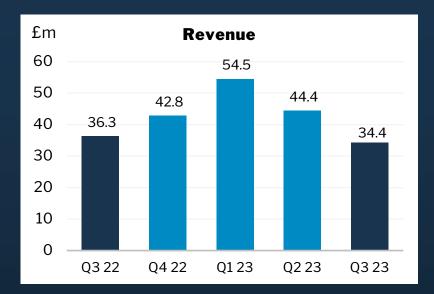
- Revenue -6% (-1% CER) with growth in Genetics offset by Advanced Nutrition
- Adj. EBITDA excluding FV movements £3.6m as a result of lower revenue and cost increase in certain areas including third party broodstock production related to harvest income from our salmon licence
- Adj. Operating loss ex FV movements: £1.7m (Q3 FY22: £0.7m loss)
- Loss before tax substantially lower £4.7m (Q3 FY22: £11.2m loss) with benefit from lower net finance costs

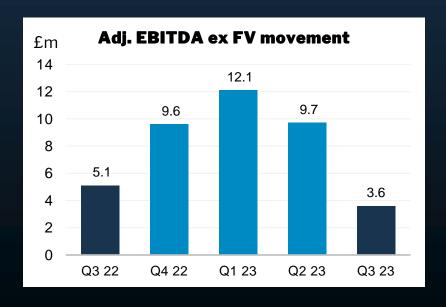
YTD Q3 significant year on year growth and improved profitability

- Revenue growth of +15% to £133.1m (+13% CER)
- Adj. EBITDA excluding FV movements +27% to £25.4m (Q3 YTD FY22: £20.0m)
- Adj. Operating profit ex FV movements: +207% to £9.7m (Q3 YTD FY22: £3.2m)
- Loss before tax reduced to £6.6m (Q3 YTD FY22: £16.4m)
- Operating cash inflow £11.2m (Q3 YTD FY22: cash outflow of £2.2m)

Group

• Steps taken to realise synergies by combining Health and Genetics activities within Salmon under common leadership with a combined commercial offering







Operational Update





Genetics

Continued growth driven by core salmon business

Q3

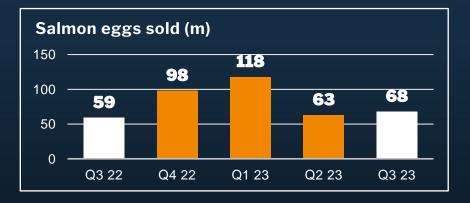
- Revenues +10% (CER +21%) driven by higher salmon egg sales and harvest revenue
 - 68.5m eggs sold (Q3 FY22: 59.4m eggs)
- Commercial progress in Chile with new customer wins post period end
- Commercial activity in shrimp genetics reduced while new products are developed.
 Demand affected by conditions in shrimp markets
- Strategic review of tilapia operations well advanced
- Adj. EBITDA: £2.8m increase from egg sales offset by:
 - £1m COGS and opex increase
 - £1.3m due to normalisation in proportion of biological assets capitalised after high Q3 FY22 due to industry supply issues
 - £1.1m due to unusually high third party production costs related to harvest income
 - £0.6m forex headwinds

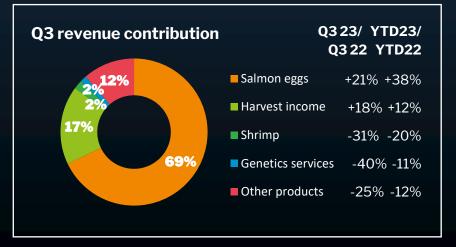
(1) Adj. EBITDA is EBITDA (earnings before interest, tax, depreciation and amortisation and impairment), before exceptional items including acquisition related expenditure

(2) Adjusted Operating Profit is operating loss before exceptional items including acquisition related items and amortisation of intangible assets excluding development costs



| <u>(£m)</u> | Q3 23 | Q3 22 | Q3 YTD 23 | Q3 YTD 22 |
|------------------------------------|-------|-------|--------------|--------------|
| Revenue | 14.4 | 13.1 | 48.9 | 39.7 |
| Gross Margin ex FV mov | 39% | 55% | 39% | 49% |
| Adj. EBITDA ¹ | 3.4 | 4.8 | 9.3 | 10.5 |
| Adj. EBITDA ¹ ex FV mov | 1.9 | 3.4 | 7.6 | 8.1 |
| Adj. Operating Profit ² | 2.1 | 3.5 | 5.4 | 6.8 |
| Adj. Op. Profit ex FV mov | 0.6 | 2.0 | 3.7 | 4.4 |





Genetics

Focus maintained in growth areas to reach profitability

| (£m) | | Salmon Evest income | Chile | | Tilapia | | Shrimp | | Total | |
|-----------------------|-------|-------------------------------|-------|-------|---------|-------|--------|-------|-------|-------|
| | Q3 23 | Q3 22 | Q3 23 | Q3 22 | Q3 23 | Q3 22 | Q3 23 | Q3 22 | Q3 23 | Q3 22 |
| Revenue | 13.7 | 12.1 | 0.3 | 0.4 | - | 0.1 | 0.3 | 0.5 | 14.4 | 13.1 |
| Gross profit | 8.4 | 9.5 | (0.7) | (0.5) | (0.2) | (0.1) | (0.5) | (0.5) | 7.0 | 8.4 |
| Adj. EBITDA | 5.5 | 6.5 | (0.9) | (0.6) | (0.4) | (0.3) | (8.0) | (8.0) | 3.4 | 4.8 |
| Adj. EBITDA % | 40% | 54% | -300% | -150% | nm | nm | nm | nm | 24% | 37% |
| Adj. EBITDA ex FV | 4.0 | 5.1 | (0.9) | (0.6) | (0.4) | (0.3) | (0.8) | (0.8) | 1.9 | 3.4 |
| Adj. Op. Profit ex FV | 2.8 | 3.8 | (1.1) | (8.0) | (0.4) | (0.3) | (1.0) | (1.0) | 0.3 | 1.7 |

- Core salmon genetics business in Iceland and Norway represent the financial backbone of Genetics driving revenue and profit
- Tilapia strategic review well advanced
- Chile and Shrimp remain negative contributors and are areas of ongoing focus



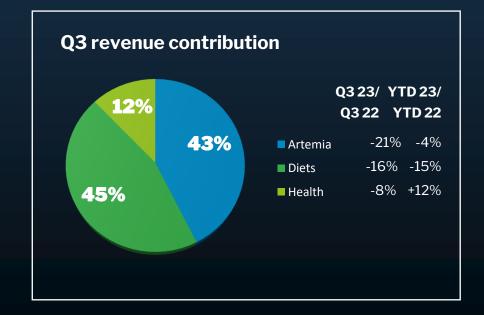


Advanced Nutrition

Impact of weak shrimp markets mitigated by commercial focus and cost control

- Q3 revenues 17% below the prior year (-18% CER). reflecting weakness in the global shrimp market
 - Shrimp markets impacted by consumer demand, farm gate prices, and rising costs leading to reduced pond stocking
 - Shrimp imports to US and Europe estimated to be 20%-30% down
- YTD Q3 23 revenues in line with prior year
- Despite drop in revenue, Q3 Adjusted EBITDA +20% as a result of product mix, lower freight costs, and ongoing efficiency programme
- YTD Q3 Adjusted EBITDA 4% ahead of the prior year
- Strong, efficient organisation unique positioning with specialised, mission critical products

| <u>(£m)</u> | Q3 23 | Q3 22 | Q3 YTD 23 | Q3 YTD 22 |
|-----------------------|-------|-------|--------------|--------------|
| Revenue | 16.1 | 19.4 | 61.4 | 61.4 |
| Gross Margin | 59% | 48% | 55% | 51% |
| Adj. EBITDA | 3.4 | 2.8 | 14.9 | 14.3 |
| Adj. EBITDA margin | 21% | 15% | 24% | 23% |
| Adj. Operating Profit | 2.8 | 2.3 | 13.1 | 12.6 |





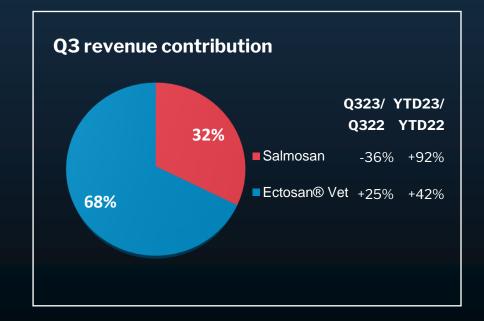


Health

Performance in line with anticipated seasonality in sea lice treatments

- Q3 revenues broadly in line with prior year 1% below (+5% CER) reflecting quarterly seasonality in sea lice treatments
- Salmosan sales below the prior year following very strong sales in Q2
- YTD Q3 revenues 57% (+59% CER) ahead of prior year
- Q3 Adjusted EBITDA loss of £1m (Q3 2022 loss £0.6m) due to low utilisation of two vessels in the period in the low season.
- YTD Q3 Adjusted EBITDA increased to £5.6m (YTD Q3 2022: £0.5m loss)
- Progress in the development of new configuration and business model for CleanTreat® with partners MMC and SALT

| <u>(£m)</u> | Q3 23 | Q3 22 | YTD 23 | YTD22 |
|-----------------------|-------|-------|--------|--------|
| Revenue | 3.8 | 3.8 | 22.9 | 14.5 |
| Gross Margin | 21% | 40% | 51% | 42% |
| Adj. EBITDA | (1.0) | (0.6) | 5.6 | (0.5) |
| Adj. EBITDA margin | -27% | -16% | 25% | -4% |
| Adj. Operating Profit | (4.5) | (4.5) | (4.3) | (11.9) |





Financial Update



Income statement highlights

| £m | Q3 23 | Q3 22 | % AER | % CER | YTD 23 | YTD 22 | % AER |
|---|--------|--------|--------|-------|-----------|-----------|--------|
| Revenue | 34.3 | 36.3 | (6)% | (1)% | 133.1 | 115.5 | 15% |
| Gross profit | 17.3 | 19.5 | (11)% | (7)% | 66.3 | 59.0 | 12% |
| R&D | (1.5) | (1.4) | (5)% | (10)% | (4.5) | (4.7) | 4% |
| Other operating costs | (10.6) | (11.5) | 7% | 6% | (34.7) | (31.4) | (11)% |
| Adjusted EBITDA ¹ | 5.1 | 6.6 | (23)% | (13)% | 27.1 | 23.0 | 21% |
| Adj. EBITDA ex FV movement | 3.6 | 5.1 | (29)% | (19)% | 25.4 | 20.0 | 27% |
| Adjusted Operating Profit ² | (0.2) | 0.8 | (129)% | (58)% | 11.4 | 6.2 | 104% |
| Adj. Operating Profit ² ex FV mov. | (1.7) | (0.7) | (149)% | (83)% | 9.7 | 3.2 | 207% |
| Exceptional costs | (0.5) | (0.5) | (13)% | (12)% | (3.2) | 0.4 | (832)% |
| Net finance costs | (0.3) | (7.3) | 96% | | (2.4) | (10.3) | 96% |
| Loss before tax | (4.7) | (11.2) | 58% | 63% | (6.6) | (16.4) | 60% |
| Loss for the period | (4.6) | (12.8) | 64% | 70% | (8.0) | (21.6) | 63% |

- Top line growth in Genetics offset by Advanced Nutrition and forex headwinds
- Continued cost control with Group operating costs 7% below last year
- R&D expenses broadly in line with prior year
- Lower depreciation and amortisation at £9.0m (Q3 FY22: £10.1m) as some intangibles acquired in 2016 reached the end of their useful economic lives
- Increased operating loss resulting from lower revenues and lower margins in Genetics from cost increase
- Significant reduction in net finance cost due to
 - Forex
 - Movement in fair value of derivative instruments

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⁽¹⁾ Adjusted EBITDA is EBITDA (earnings before interest, tax, depreciation and amortisation and impairment), before exceptional items including acquisition related expenditure
(2) Adjusted Operating Profit is operating loss before exceptional items including acquisition related items and amortisation of intangible assets excluding development costs

Cashflow, net debt and liquidity

Improved cash generation from operations; solid financial position

| £m | |
|---|--------|
| Net debt¹ at 1 October 2022 | (73.7) |
| Cash generated from operations | 17.6 |
| Capital expenditure | (4.7) |
| Acquisition of minority interest in Iceland | (8.0) |
| Investment/acquisition of associates | (0.6) |
| Foreign exchange on cash and debt | 6.7 |
| Interest and tax (inc. lease interest) | (12.6) |
| New leases | (3.0) |
| Non-cash amortisation of fees | (0.4) |
| Deferred consideration on disposal received | 1.3 |
| Equity issue | 10.9 |
| Other | (0.4) |
| Net debt ¹ at 30 June 2023 | (66.9) |

- Improved cash generation
- Focus on working capital management
- Continued investment discipline with modest capex of £4.7m
- Acquisition of minority interest in Iceland in the period for £8m and receipt of £1.3m in deferred consideration from earlier divestments
- Interest and tax:
 - net cash interest cost of £6.3m
 - cash tax of £6.3m
- Cash of £32.9m and liquidity of £45.1m (cash and available facility) as at 30 June
- Cash of £33.8m and liquidity of £46.1m (cash and available facility) as at 22 August



Short term impact on Group KPI's but focus and momentum maintained

| | FY 2021 | FY 2022 | H1 2023 | Q3 YTD 2023 | Medium term objectives | Comment |
|--|---------|---------|---------|-------------|------------------------------|---|
| Revenue growth p.a. | 18% | 27% | 25% | 15% | 15%-18% | Within range despite market conditions in largest business area showing value of diversified business model |
| Adj. EBITDA margin | 16% | 20% | 22% | 20% | 25%-30% period end | Quarter specific items impacted trend but underlying momentum and focus remain |
| Cash conversion ⁽¹⁾ | 30% | 35% | 43% | 41% | 70%-80% | Improving operating cashflow and measures in place to reach medium term goal - working capital management |
| Free Cashflow ⁽²⁾ % sales | (17%) | (8%) | 1% | Ο% | 10%-15% period end | Progress driven by disciplined investment and control on capex |



Cash generated from operations after working capital and taxes as percentage of Adj. EBITDA
 Free cash flow: Net cash from operating activities less capex and lease payments (excluding cash interest)

Outlook 2023

Trading within market expectations for FY23



Genetics

- Good visibility of salmon egg sales from Norway and Iceland - delivering solid growth in FY2023
- Focus on growth in Chile



Advanced Nutrition

- Expect challenging shrimp market conditions to remain unchanged in the short term
- Continued cost control and efforts to improve efficiency



Health

- Ectosan® Vet and CleanTreat® sales moving into seasonal increase in sea lice treatments
- Expect continued progress with partners in development of customer owned integrated solutions



Market leading, aquaculture biotechnology company

- a unique bet on the aquaculture industry











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