

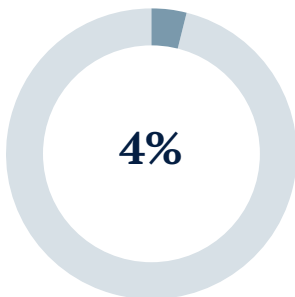
## Stolt Sea Farm

### Performance

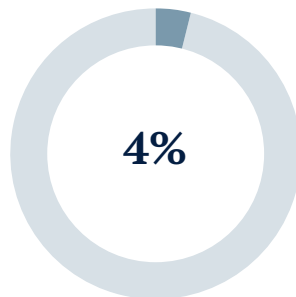
(US \$ millions)	2022	2021	2020
Operating revenue	103	108	80
Operating profit	20	24	(8)

### Percentage of group total

of total operating revenue



of total operating profit<sup>1</sup>



1. Excluding Stolt-Nielsen Gas, Corporate and Other loss of \$39.1 million.



“Our 2022 performance demonstrated our ongoing ability to work together to overcome challenges.”

### Markets

- Our seafood products feature on restaurant, hotel and foodservice menus as well as on supermarket shelves in more than 30 countries.
- Our annual production capacity totals 6,500 tonnes of turbot and 1,600 tonnes of sole.

### Strategy

Stolt Sea Farm (SSF) is a pioneer in land-based aquaculture, and our purpose is to ensure future generations continue to enjoy wonderful seafood. The business focuses on sustainable growth and building partnerships with customers and communities – while adhering to high animal welfare and environmental protection standards.

We are known for our innovation and pioneering technologies, including highly specialised, custom-designed facilities. Thanks to decades of research and development, we are the only aquaculture company that can consistently produce the highest-quality turbot and sole in commercial volumes. Seafood is widely accepted to be one of the most sustainable sources of animal protein, and we pay rigorous attention to ensure our operations have a positive environmental impact as we develop increasingly sustainable production methods.

**2022 in review**

2022 was a milestone year for SSF as we celebrated the company's 50<sup>th</sup> anniversary. Building the business we are today has required patience, care, commitment and passion, day after day, for five decades. I am proud of this landmark and grateful to everyone who has contributed to our success through the years, including our employees, suppliers, customers and shareholders. Our 2022 performance demonstrated our ongoing ability to work together to overcome challenges. It also showed how we have maintained our founding principles since 1972: sustainability, innovation and commitment to the environment and people.

SSF progressed in all areas, with high productivity helping to compensate for rising costs. However, operating profit was \$19.5 million, down from \$24.4 million in 2021 as the prior year benefited from a significant gain on the fair-value evaluation of biomass of \$17.4 million compared with a fair-value loss of \$1.0 million in 2022.

The year started strongly, bucking the seasonal trend of lower prices and volumes during the winter. As a result, we were able to maintain prices while reducing production costs per kilo, allowing us to maintain profitability during the traditionally slow period. In the second quarter, volumes of our frozen value-added products (VAP) rose, and, despite the strengthening US dollar in the third quarter, we boosted operating profit by increasing turbot production and sole volumes to capitalise on higher prices.

As part of our customer-centric approach, we are diversifying products, markets and channels and using data-led insights to strengthen and build relationships. For example, better forecasting has enabled us to optimise inventory, thereby improving efficiencies while ensuring customers always get the freshest produce. Enhancing our data capabilities has helped us to anticipate customer needs and react in a more agile way. Our people demonstrated this agility as we responded to market conditions, adjusting production volumes and driving sales while upholding SSF's reputation for quality. These efforts included expanding sales in new markets, with turbot volumes sold to these geographies increasing by 18% and sole volumes almost doubling. Foodservice accounted for 76% of sales, up from 63% in 2021. We also saw restaurant sales rebound with the lifting of Covid-19 restrictions.

Our new land-based recirculation aquaculture system (RAS) farms in Cervo, Spain and Tocha, Portugal helped increase productivity. Now in their second full year of sole production, they again exceeded expectations for biomass growth. Our investment in this technology continued. Plans progressed for our three additional RAS farms, and we also acquired shares in The Kingfish Company. The Kingfish Company is a market leader in land-based RAS farming of yellowtail and, like Stolt Sea Farm, is a leader in sustainable aquaculture. We also consolidated operational changes and increased production in our Iceland operations as part of our ongoing transformation programme. Collectively, these developments are contributing to our long-term strategy of ensuring we lead the market in providing a sustainable supply of high-quality seafood.

This year's performance demonstrates the strength of our offering and diversification strategy. We set a new production record for turbot, with our products reaching more new customers than ever before. We set a new weekly sales record for sole, capitalising on the consolidation of demand thanks to our production capacity and unique range, which includes large sizes.

Our VAP offering grew 36% year-on-year, reflecting growth in demand for convenience, versatility and consistent supply. Not only was our *Prodemar*<sup>™</sup> consumer brand launched in Casino France retail outlets, but we also unveiled a hugely popular new frozen turbot range at the Conxemar International Fair, a major industry exhibition. To boost VAP production capacity, we purchased land in Spain and Portugal to construct new processing areas, and we continued with modernisations at our processing plant in Lira, Spain.

SSF has long been a pioneer when it comes to sustainability in aquaculture. This year, we progressed our collaboration with feed manufacturers to investigate new formulas with lower fishmeal and fish oil content, reinforcing our leadership position when it comes to preserving scarce natural resources. We also joined the *Life Refish* project, which develops innovative ways to reduce waste and optimise the use of by-products from fishing activity.

**Outlook**

2023 started with the fantastic news that our fresh turbot received a Superior Taste Award from the International Taste Institute, which rated the product as exceptional in all five judging categories. This recognition will help us further strengthen our market position and our reputation as a leading producer of exceptional turbot.

In 2023, we expect to see continued growth in demand for high-quality, sustainable seafood and we are in a strong position to capitalise on this demand due to our market-leading production capacity, innovations and customer relationships. This will help SSF mitigate the effects of ongoing inflation and the higher costs of energy and feed.

We expect to see further growth in our Northern European markets as well as in our VAP offering, with our range of new products gaining momentum following this year's launch. Our transformation programme will continue as our expansion plans progress to the execution phase and we continue to build our data capabilities.

**Jordi Trias**  
President  
Stolt Sea Farm