



Letter from the Chairman of the Board and the CEO,

Dear fellow shareholders,

The first half of 2022 has just ended and we want to take this opportunity, just before summer, to follow up on the letter to shareholders distributed in January 2022.

Back in January we communicated that 2022, as 2021, will be a transitional year for the company. It is the first full year of operations under the new cod contract while the ballan wrasse contract is expected to have full effect in 2023, due to build-up of biomass and long production time.

Beyond the operational focus on cod and ballan wrasse, at Tjeldbergodden, the company communicated in January the start of conversion of Tømmervåg to fry production of cod and that the company was exploring both strategic and organic growth opportunities for developing the company into a fully integrated producer of cod.

The company also communicated that up-listing of shares to Euronext Growth would be postponed and potentially be done in combination with specific strategic initiatives at a later stage.

The first half of 2022 has, in terms of cod production, provided the company with confirmation that the facility at Tjeldbergodden is well suited for on-growth of cod. Results from the production has been good and the contract with Gadus has come off with a good start. The facility at Tømmervåg has been converted and is ready to produce juveniles of cod. A start of production is however pending the issuance of production concession for cod and commercial breakthrough related to sale of cod juveniles or sea-ready cod.

The main driver for financial results in the company in 2022 is the ballan wrasse deliveries under the contract with Mowi. Unfortunately, the company have had to significantly reduce the expectations for 2022 deliveries of ballan wrasse. The reduction is driven both by internal biological and operational reasons and as a result of externally driven production interruptions during spring 2022. A prolonged halt of the delivery of heated water from third party heated water supplier due to planned and unplanned maintenance downtime is one of the reasons for the reduced delivery volumes of ballan wrasse in 2022. The ballan wrasse as a species is very sensitive to sudden variations in conditions and such interferences has direct consequences on both growth and general biological performance. The reduced delivery of ballan wrasse in 2022 directly impacts the 2022 EBITDA, which is currently expected to be in the range of MNOK 0 - -10. This will further worsen a strained liquidity situation in the company.

The company's expectations for 2023 and onwards remains strong, which is based on volume expectations where the majority of the ballan wrasse is already in the facility at Tjeldbergodden today.

The short-term liquidity remains a significant obstacle which need to be handled before further strategic and growth initiatives is pursued. The company has received a loan from the main shareholder to secure short-term operations. The company expects to do an equity raise in the second half of 2022 to secure the necessary liquidity to fund the company operations. The company's main shareholder has positively indicated the intention to continue to support the company.



For the management and Board, the second half of 2022 will be focused on securing increased production stability at Tjeldbergodden and financing the liquidity gap for the next 12 months.

The organization's full focus short-to-mid term is on operational performance and maximizing the production volumes and cash flow for 2022 and 2023.

Further information on the announced equity raise with details on the company results and future expectations will be provided current and prospective shareholders tentatively in September / October 2022.

We hope for your continued support as shareholder of Lumarine AS and ask for your understanding that the company, at this point, is not in a position to provide further details.

We wish you a nice summer!

Best Regards,

DocuSigned by:
Karl Christian Baumann
Karl Christian Baumann
E17306025894431...
CEO

DocuSigned by:
Halvard Muri
Halvard Muri
4BB3D41937A5439...
Chairman