



HAARSLEV™

PRESS RELEASE 1Q-2022



**POULTRY
RENDERING**



**MEAT
RENDERING**



**FISH
PROCESSING**



**INDUSTRIAL
PROCESSING**

STRONG POSITION IN A DYNAMIC MARKET

“We delivered yet another strong quarter as orders received reached an all time high in Q1-22 even though we had to increase our prices to adjust to the high inflation levels and material situation. Our extensive experience in delivering large scale projects is being recognized in the market with five greenfield projects across four continents being signed in Q1-22. As we continue our relentless focus on offering world class aftermarket services, we were proud to see our aftermarket sales continuing to grow during the quarter.

We continue to expand our market presence in North America with growth across all business segments from aftermarket to greenfield projects. While we continue to ramp up capacity, we are expanding our network of service and manufacturing partners in the United States, ensuring a strong local presence and timely deliveries to our customers.

On the revenue side we had a slow start of the year a.o. impacted by sanctions against Belarus and Russia which made us rethink production schedules in our supply chain. Despite of this setback, revenues gradually ramped up throughout the quarter. Operations was also impacted by disrupted flows in the value chain as a result of the global material availability challenges especially on stainless steel. To offset the supply disruptions and ensure timely deliveries to our customers, we continued to our strategic inventory buildup throughout the quarter. While we were targeting higher revenue levels, our operation model proved its robustness and continued to deliver a strong cash conversion, supporting continued investments in innovation, infrastructure and strategic inventory.

Our focus on innovation remains unchanged. In Q1 we established a new Digital Solutions team to spearhead development of software driven solutions to help our customers gain improved insights and more efficient operations. Also, older designs are being revisited, evaluated and upgraded wherever possible. As one example, upgrades made to the classical TST disc, which for decades have been the preferred disc design for Environmental applications, have led to new design patents being applied for.

We enter the second quarter with a positive outlook and a solid foundation. With our strong order book, we will gradually ramp up revenues throughout the year and our pipeline of incoming projects remains very strong despite the dynamic market conditions.

After a long wait, we look forward to attending tradeshows and meet with in person with customers and partners across the globe.

HAN DEFAUWES, CEO



1Q 2022 HIGHLIGHTS

- Record level order intake in 1Q-22 leading to highest ever order intake in a twelve-month period
- Gradual revenue ramp up during the quarter yet ending below target levels, mainly as a result of inefficiencies due to availability and parts and materials
- Operating margins was impacted by supply challenges, geopolitical events and rapidly increasing inflation
- Strong cash generation and conversion through the quarter despite lower revenue levels

ORDERS RECEIVED

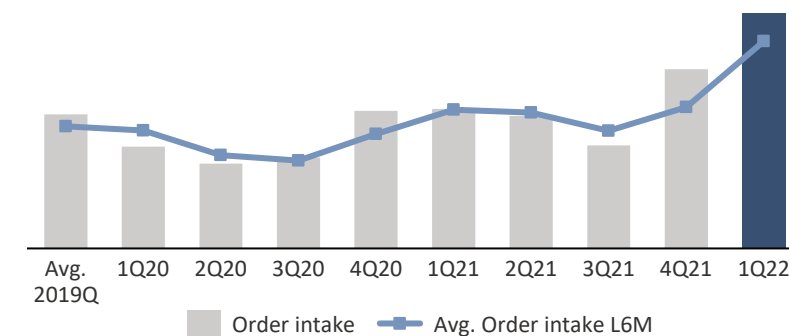
- The first quarter of 2022 was a record-setting quarter for Haarslev, with the highest ever quarterly order intake and the highest ever monthly order intake in March
- Haarslev is continuously positioned as the leading supplier for greenfield projects. During the first quarter we received orders for greenfield project in Europe, North America, Latin America and the Middle East
- Our pipeline is strong, and outlook for 2Q-22 remains positive despite the challenging geopolitical situation
- Our relentless focus on delivering world class aftermarket offerings are being recognized by the market, illustrated by a YoY volume increase of 17% compared to 1Q-2021 and nearly a 20% increase in the last twelve months
- With the acquisition of CORE, Haarslev is ideally positioned to help our customers reduce energy consumption and lower their CO2 footprint. In Q1 Haarslev welcomed new CORE customers in Asia, Oceania, Europe and the Americas

OPERATIONAL EFFICIENCY

- Our operations was impacted by disrupted flows in the value chain as a result of the global material availability challenges. We have taken decisive steps to build up strategic inventories and are working closely with our trusted suppliers to ensure a steady flow of material and components
- As our order book is growing, we are carefully monitoring production load across our production sites to ensure timely delivery of goods to our customers
- On the back of a series of strategic investments in our production facilities and an extension of our outsourcing network, we feel comfortable handling the higher volumes planned for the rest of 2022

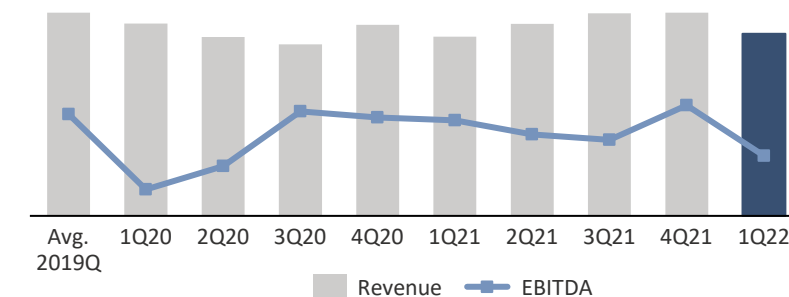
ORDER INTAKE

(EUR MLN)



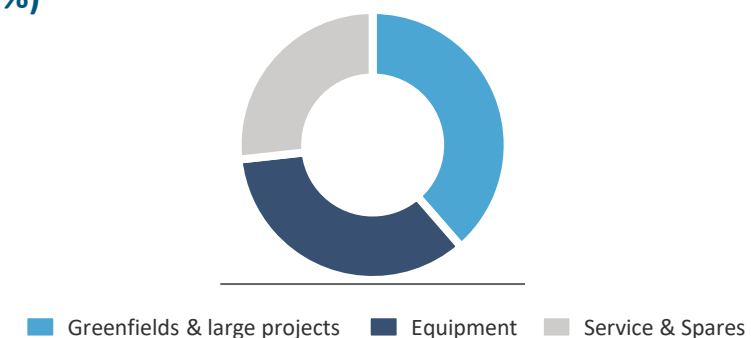
Revenue and EBITDA margin

(EUR MLN, %)



Intake by business mix

(%)



SELECTED PROJECTS

Lofoten Biomarine – Fish Protein Concentrate Plant, Norway

In February, we concluded our largest sales contract so far in 2022. The contract is with the newly established company 'Lofoten Biomarine' in Norway, having 'Nergård' - an integrated Norway based fishery Group - as the main shareholder.

Our supply is a 50 ton/hour FPC - Fish Protein Concentrate plant. In this plant, fish by-products are liquefied by the action of natural enzymes in the fish, in the presence of an added acid that helps speed up the activity of these proteins, at the same time as preventing the liquid from being spoiled by bacterial action. Bones and fat will be separated from the hydrolysate and the hydrolysate will be concentrated in a large MVR-evaporator into a semi liquid paste which will be sold to feed producers.

A special feature about this new plant is that it will operate without using any steam generated by burning fossil fuels – in fact, the plant will use an absolute minimal amount of energy and it will all be renewable electricity from Norwegian hydropower stations.

Pilgrim's Protein Conversion Plant, Douglas, GA, USA

In March, we were awarded the contract to supply yet another greenfield project in the US. This time a large-scale poultry processing plant in Douglas, Georgia for Pilgrims Pride.

The strategic initiative to expand the rendering capacity within Pilgrim's dates to 2017. Pilgrim's decided to work on multiple rendering plants in Georgia and Alabama, consisting of two sister plants in GA and AL and a third plant in the south of Georgia. At Haarslev, we are immensely proud to having received the order for the first plant of the three plants, and to have provided pre-engineering for two sister plant's in GA and AL.

ARASCO – Rendering plant upgrade, KSA

Haarslev supplied the first rendering system to ARASCO in 2000. In the years gone by, we have been servicing the plant and maintaining relationships so when the time came to upgrade and expand the system, Haarslev was first in line. End of January we were awarded with the contract to extent the plant with a.o. new offal cooker and a Thermal Oxidiser.

Undisclosed customer, South Europe

After a long time of preparation, we were in March awarded the contract to build a greenfield pork cat 3 process to an undisclosed customer in south Europe. The plant will be specifically aimed at producing top quality pork protein meal and pork fat. Haarslev delivery includes Raw material reception with crushing and metal removal, Continuous cooking, fat separation and milling. Finally, Haarslev is also responsible for odor control with our Regenerative Thermal Oxidiser.

Continuous cooking lines for two customer in Mexico

Over the years, Mexico has grown to be one of the most important markets for Haarslev in Latin America. During the first quarter, one of our long-term customers expanded their activities with a new continuous cooking line for one of their facilities. We also welcomed a new customer in Mexico who placed an order for a Continuous cooking line for red meat by-products.



IFAT

Munich, Germany
May 30 – June 3, 2022

VIV EUROPE

Utrecht, The Netherlands
May 31 – June 2, 2022

EU Fishmeal

Skagen, Denmark
June 1-3, 2022

Nor-Fishing

Trondheim, Norway
August 23-26, 2028

ARA Symposium

Brisbane, Australia
September 27-30, 2022

Situation in Ukraine

We are deeply concerned by the situation taking place in Ukraine and our thoughts are with all the people who must live through this disaster. We took immediate action to ensure the safety of all our employees in the region.

Haarslev is closely following the development of the situation and will comply with all applicable sanctions at any given time.

In addition to following the applicable sanctions, Haarslev has taken the decision to suspend the acceptance of new orders for projects in Russia and Belarus.

We join the calls for an end to this conflict and hope that peace, human rights, and the international rule of law will prevail.

