



Arctic Fish

Q4 Presentation

4th March 2020

Strictly private & confidential



Agenda

1

Introduction

2

Integrated value chain

3

Sustainable growth potential

4

Financials

Arctic Fish at a glance

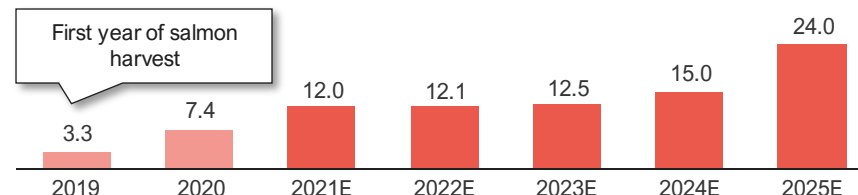


Introduction to Arctic Fish

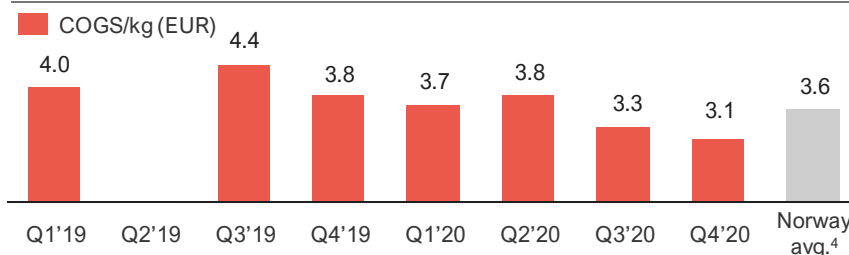
- Arctic Fish is one of the leading salmon farmers on Iceland, situated in the West Fjords with favourable conditions for fish farming – the Company was founded in 2011 by Novo ehf and has gradually positioned themselves as a pioneer in salmon farming
- The West Fjords is known for its pristine nature with optimal seawater conditions, low density and high growth potential – costs already at Norwegian peers' levels and expected to decrease as scale effects increase
- Arctic Fish was listed at Euronext Growth Oslo the 19 Feb 2021. Norway Royal salmon ("NRS") is the biggest shareholder (51,3%) and Bremesco, second biggest, owned by Jerzy Malek (26,2%). Novo ehf and other Icelandic investors, key management and employees own around 10% in Arctic Fish.
- A new, modern and high-capacity smolt facility with RAS technology, delivering large, high-quality smolt – the plan is to increase the smolt production capacity once new licenses are granted
- 7,443 tonnes¹ of Atlantic salmon harvested in 2020 and considerable growth is expected the coming years – estimated harvest volume for 2021 is 12,000 tonnes
- Arctic Fish has a total existing sea farming licenses of 17,100 tonnes MAB, of which 5,300 tonnes are trout licenses that are in process to be converted to salmon licenses.

Harvest volume forecast

In thousand tonnes, HOG

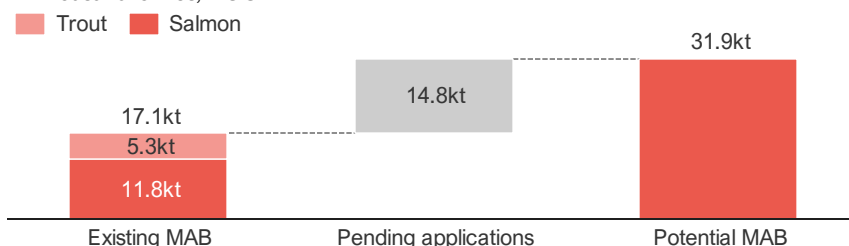


Quarterly cost performance and cost/kg³



Well positioned for further growth

In thousand tonnes, HOG



Arctic Fish started in 2011 and has gradually positioned itself as a pioneer in salmon farming

Arctic Fish was founded by Novo, established by Sigurdur Petursson with his business partner Gudmundur Stefansson, in 2011

Jerzy Malek, the founder of Morpol and Milarex came in as an owner

Started with trout farming and processing of white fish

Started building a new hatchery

August – NRS came in as a 50% owner

First salmon released to sea

Finalized first stage of the hatchery

January – first salmon farmed by the Company was harvested

3.3kt HOG harvested

7.4kt HOG harvested

2011

2012

2013

2014

2015

2016

2017

2018

2019

2020





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Arctic Fish has an integrated value chain with excellent hatchery and sea site locations

Freshwater (smolt)



- RAS smolt facility in Nordurbotn (Tálknafjörður)
- Recirculated and cleansed water with good standards ensure low mortality
- Produced a total of 3.5 million smolt and 0.4 million fry for internal and external sale in 2020
- Hatching/start feeding capacity of 10-12 million per year
- Total smolt capacity of 3.5 million smolt (143 grams)

Seawater



- Strategically placement in different fjords to be able to alternate the production to minimize biological risk
- Area based “All-in, all out” has a proven a documented track record
- Four sea sites currently in operation and one in fallow-period – combined existing licenses for 17,100 tonnes MAB
- Outstanding applications for additional 14,800 tonnes MAB

Processing



- Harvesting/processing of the salmon is completed through a service agreement
- Future growth depends on increased harvesting capacity
- Increased capacity are intended be handled through a joint-venture setup.
- Further cooperation is being discussed continuously and other solutions are being explored

Sales



- Arctic Fish has a partnership with Seaborn (a major distributor of Norwegian and Icelandic salmon)
- Seaborn is the logistics handler and distributes and sell the fish
- The product is sold under the ICEBORN brand
- Future sales and marketing strategies are considered to be based on Icelandic identity and branding to achieve price premium

Arctic Fish has state-of-the-art smolt facility NorðurBotn which secures the Company with high-quality smolt

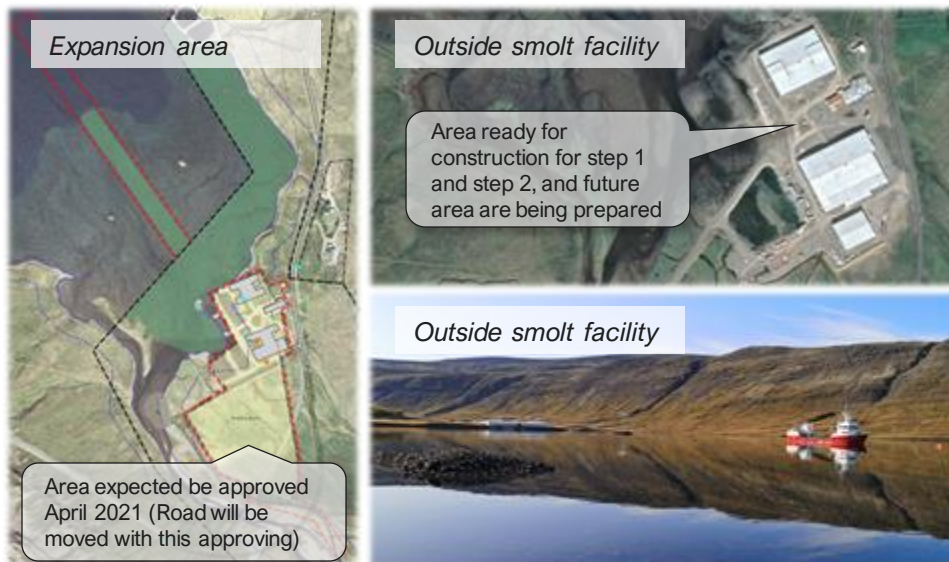
Freshwater (smolt)

Seawater

Processing

Sales

Pictures of smolt facility



Key facts



Proven production

- Proven production (delivered) of +500 tonnes of smolt and fry in 2020
- Produced more than 8.9 million smolts since 2017



RAS-know how

- Crew with RAS know-how both from Norway and the Faroe Islands
- 16 employees (100% basis)



Largest investment for Arctic Fish

- Largest single investment by Arctic Fish of EUR 30 EURm
- 100% owned by Arctic Fish



Secured area for further expansion

- Located in proximity to existing sites, reducing need for longer transportation of smolt
- Arctic Fish owns a 36.3 km² land area in close proximity to the smolt facility



Favorable temperatures

- Access to natural water temperatures between 6°C and 22°C, all year around
- Good geothermic conditions and proximity to fresh water

Sizable area and favorable location close to the sea limiting need for transportation to seawater

Freshwater (smolt)

Seawater

Processing

Sales

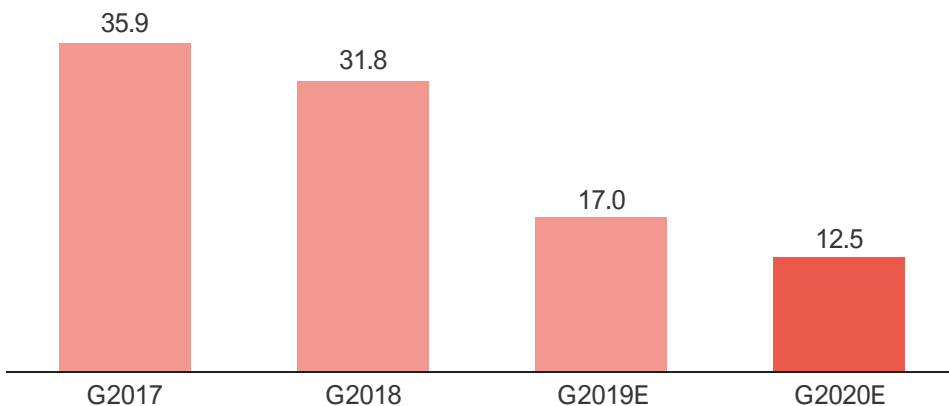


...to be able to alternate the production to minimize biological risk with proven low mortality rates and low FCR



Mortality

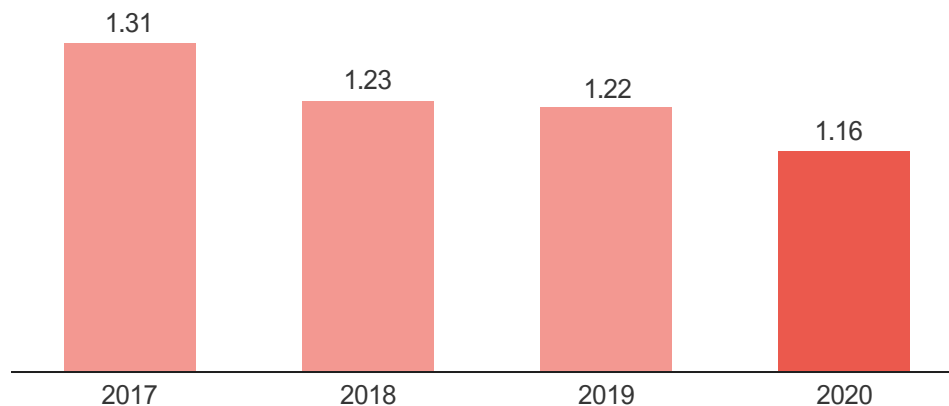
In % of total number



- Mortality is a key indicator to evaluating fish health in seawater farming
- Considerable reduction in mortality from G17- G20E, impacted by improved smoltification process (larger smolt) and smolt handling in the transportation to sea
- No BKD¹ observed in its owned and new smolt facility which use recirculated and cleansed water with better hygienic standards

Feed Conversion Ratio

Biological Feed Conversion Ratio (bFCR)



- The feed conversion rate is an important indicator of how much feed is used to produce the fish
- Arctic Fish has reduced the biological feed conversion rate ("bFCR") over the past years, indicating higher efficiency, better on-farm feed management, new and better feeding equipment and improvements in feed formulations

Processing and sales are currently handled externally – increased focus on fresh- and seawater operations

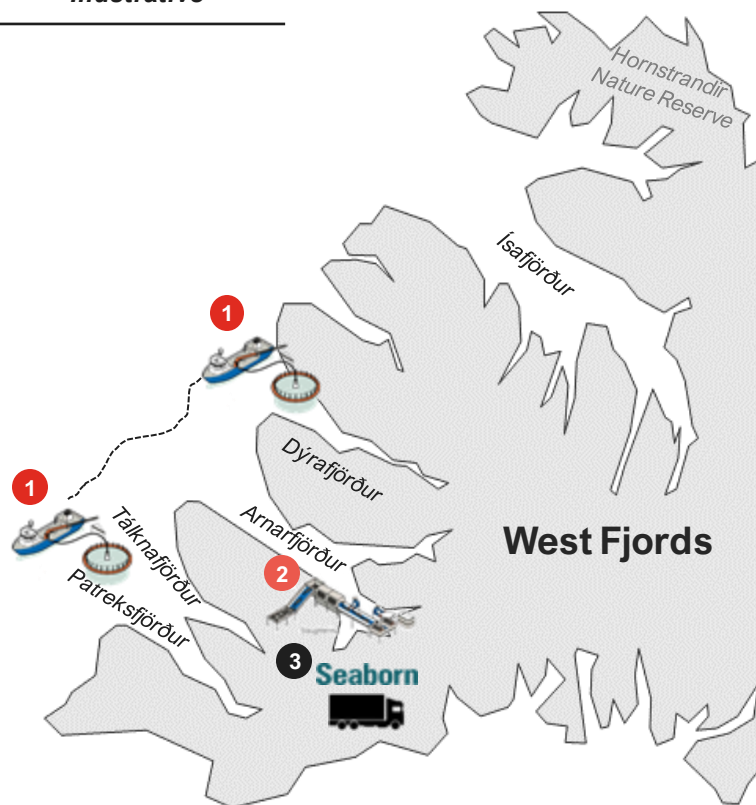
Freshwater (smolt)

Seawater

Processing

Sales

Illustrative

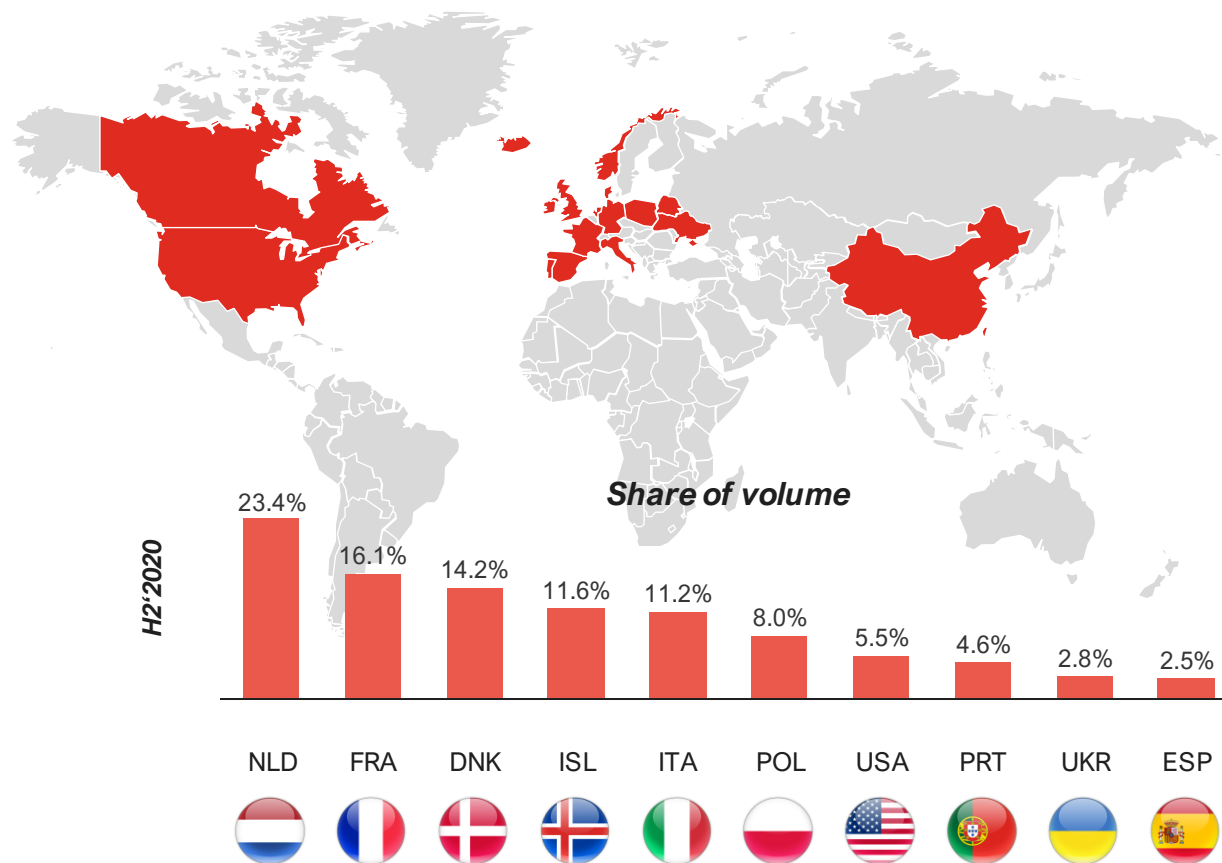


- 1 The fish is transported from different locations with well boat when the fish has grown to harvesting size
- 2 Primary processing done through a service agreement with Icelandic Salmon at a processing facility located in Bildudalur, Arnarfjörður
- 3 The fish are being sold “Free On Board” through a sales agreement with Seaborn. The transport from Bildudalur is mainly done by truck (7h) and further by planes or ferry to international customers as fresh product

Other comments

- Currently all salmon from Arctic Fish is processed through a service agreement
- Further cooperation is being discussed continuously and other solutions are being explored
- The current slaughtering price is considered high and Arctic Fish has considerable improvement opportunities to reduce this considerably
- A process for a more cost-efficient setup and increased capacity is ongoing.

Arctic Fish has a global footprint with sales in more than 15 countries in 2020



- All Arctic Fish's sales are handled by Seaborn, a major distributor of Norwegian and Icelandic salmon
- Current export routes are well-established with potential for new markets in the future
- Several logistic opportunities from Iceland expected in the future, i.e., increased direct transportation to North-America using freight ships and use of cargo planes.
- Majority of volumes are shipped to various European countries due to the pandemic situation.
- Due to the Free Trade Agreement ("FTA") with China and Faroe Islands, Iceland does not have any taxes or tariffs (in comparison to Norway with 10%)
- Iceland's location allows for efficient and fast transportation to the US, Europe, China and Russia by cargo planes or freight ships



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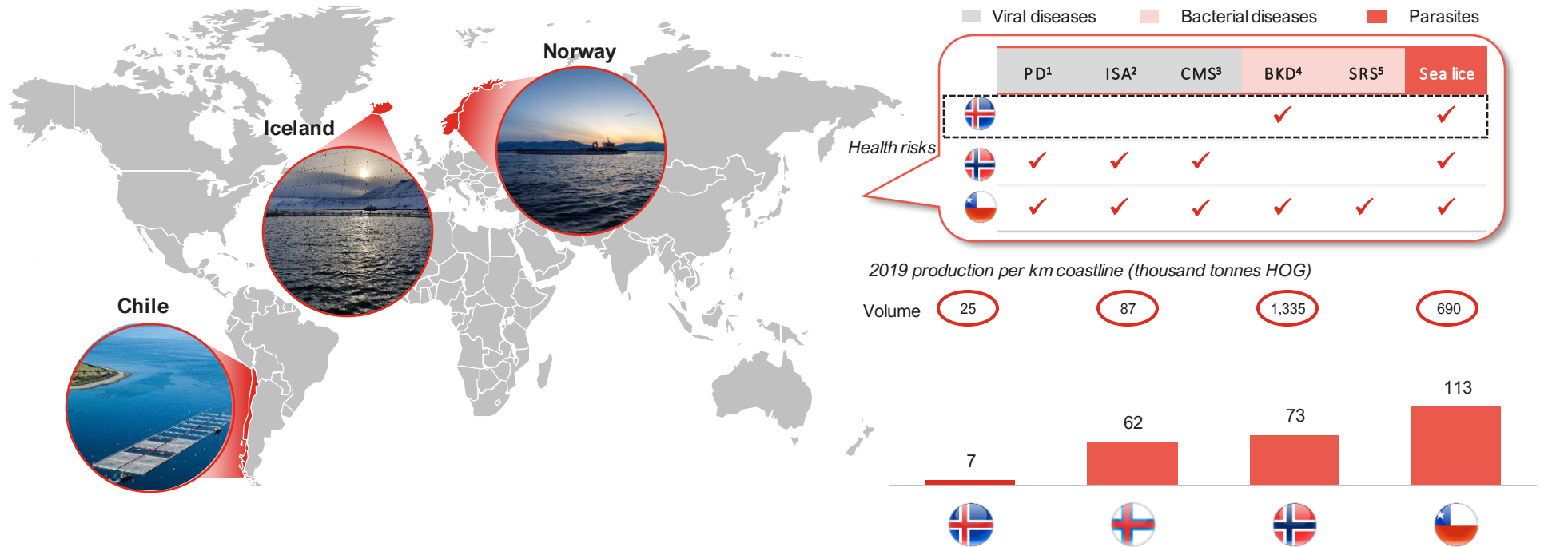
Sustainable growth potential

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Financial

Iceland offers favourable conditions for salmon farming

Less prone to infectious diseases and low farming density

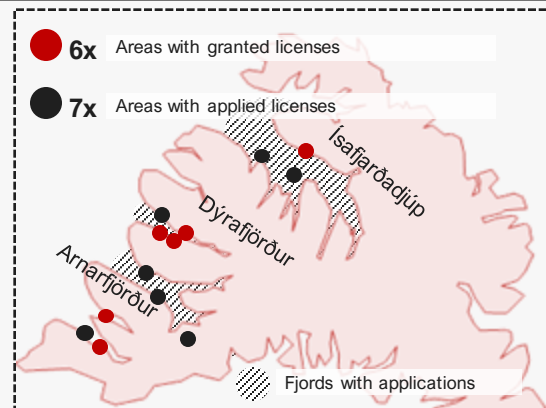
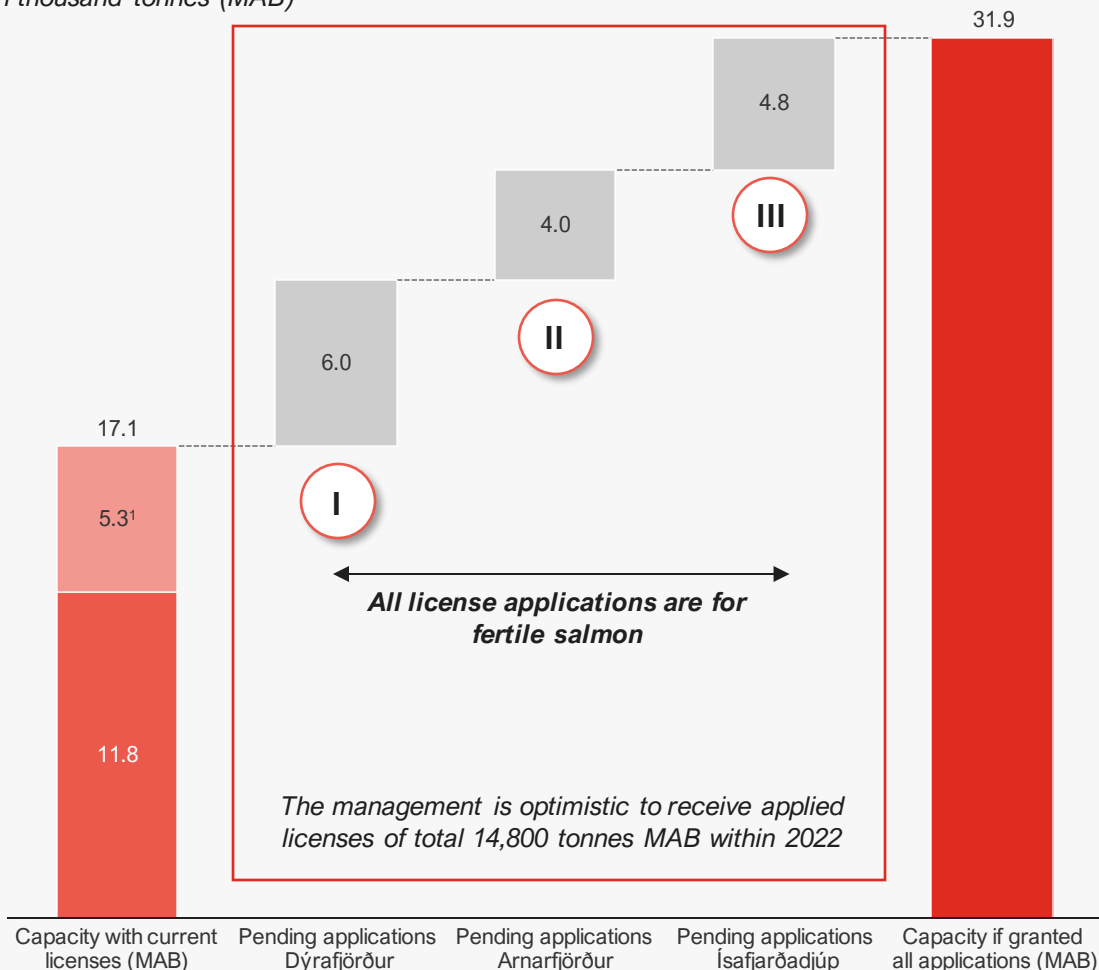


- Due to Icelandic hydrographic conditions, fish may be kept at sea for longer time periods without risking biological problems. This not only increases the potential price per kg, but also reduces slaughtering cost and waste product
- Another consequence of the climate is the cold water that acts as natural defence against sea lice, leading to low health-treatment costs
- A limited number of farming areas is expected to open in Iceland due to natural limitations in the topography and shielding of wild salmon for recreational purposes. This leads to lower density and greater distances between sites
- The low density and strict regulations between sites reduce the spread of disease. Even if all the current license applications are granted and utilized, the density will be less than half that of Norway

Arctic Fish has ample growth opportunities within its existing license portfolio, and is in advanced process for additional licenses

Licenses and applications are well positioned for future growth with locations in different fjords

In thousand tonnes (MAB)



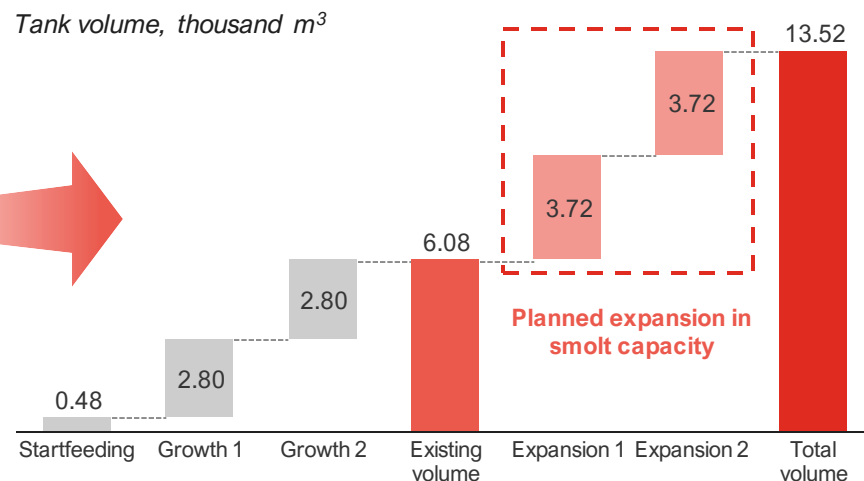
- I** Has been advertised from MAST and UST and is expected to be issued within 6 weeks after 8 February 2021
- II** Total applications for 4kt MAB in Arnarfjörður – final environmental report (Matsskýrsla) concluded by the Planning Agency (“PA”) (July), is now in application process and the Company is optimistic about receiving these applied licenses
- III** Arctic Fish has pending applications for additional 4.8kt MAB in Ísafjarðardjúp – final report from Planning Agency (“PA”) received and concluded and applications is sent to UST and MAST for the final stage before licenses can be issued

With the smolt expansion plan, Arctic Fish may be able to increase the tank volume by 2.25x and smolt capacity to 5m smolt

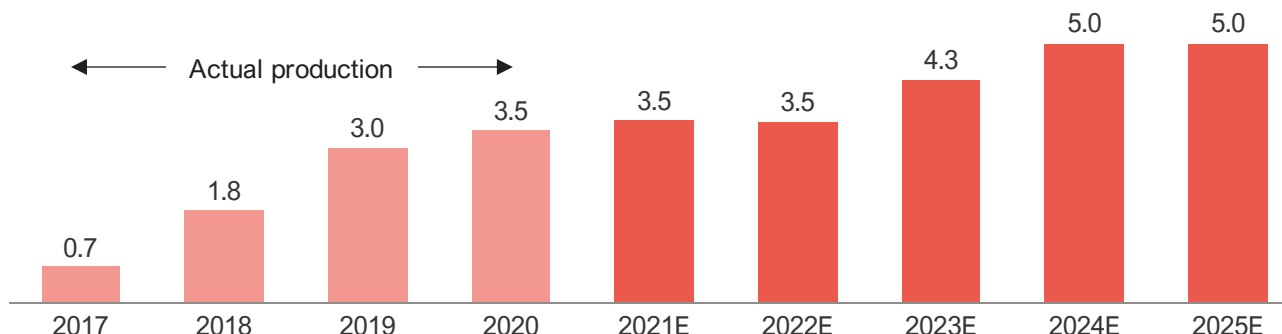
Commentary

- Two-step plan to increase tank volume with 7,500m³ and increase smolt capacity to 5 million smolt
- Planned groundwork starting Q2 2021 after completing i.a. final design, groundwork contract, detailed project and on-board RAS supplier
- It is expected that the expansion will be finished first half of 2023
- Total cost is estimated to 21-24 EURm – budget is in an early stage
- Aiming to get fish in first half in Q2 2023 to support the growth trajectory of Arctic Fish and cater for planned harvest volumes going forward

Expected tank volume increase from 6,000 m³ to 13,500m³



Smolt capacity forecast (in million)



Robust sustainability profile

ASC certified since 2016



- All fish sold and all sites in use have been ASC certified or accepted certified since 2016
- The Company was the first Icelandic salmon farmer to receive an ASC certification
- Received certificate for organic production of organic salmon. First organic salmon can be harvested and ready for the market in fall 2023



Other sustainable measures



First of its kind hi-tech smolt facility with 100% green energy¹



All Icelandic attributes preserved; low sea temperature and density



No antibiotics has ever been used on Arctic Fish sites

Arctic Fish strives to use non-medical methods to battle sea and fish lice

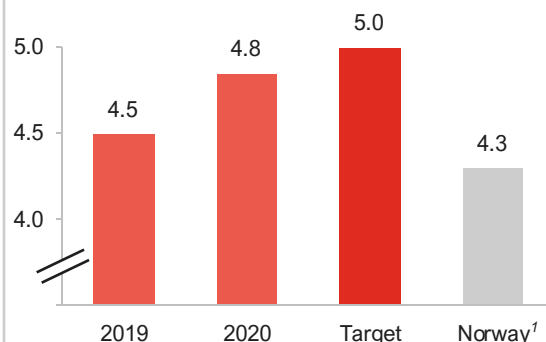
- ✓ **Area based management:** Strategically placed sites with alternating production cycles between fjords
- ✓ **Lumpfish:** By eating sea lice parasites off the salmon, high quality Icelandic lumpfish is an effective, preventive method
- ✓ **Environmental monitoring:** Benthic monitoring and parasiticide residue levels is carried out



Arctic Fish positioned to achieve a price premium in the future

Arctic Fish achieves higher weights than industry average

Arctic Fish average weight vs. Avg. NO (kg HOG)

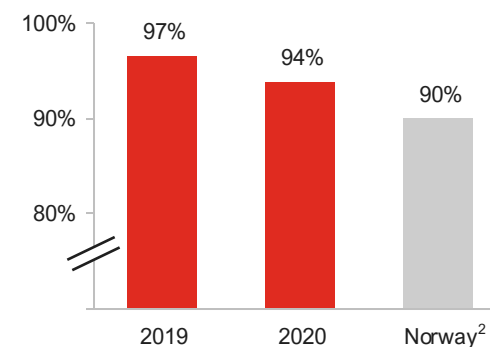


- +10% average price premium on 5-6kg salmon vs 3-4kg salmon¹
- Arctic Fish delivers larger fish than average in Norway, with a target of 5.0 kg per fish
- Avg. harvest weight +5 kg since Sep-20. 5.7 kg in Nov-20

High product quality and superior share

- Arctic Fish is achieving a high share of Superior classification
- The color of the Company's salmon is radiant and of premium quality
 - The Company received a certificate for organic production with first potential harvest in 2023

Arctic Fish achieved average Superior share



Improved negotiation position with increased scale



The Company is currently harvesting 20 – 25 weeks per year



Higher volumes will lead to higher supply of fish to the market, and the Company can offer more reliable and frequent product deliveries



Better negotiative position is expected as a result of the increased volume

ArcticFish
Positioned to achieve attractive prices for its salmon

Icelandic origin and brand



Farmed in pristine nature



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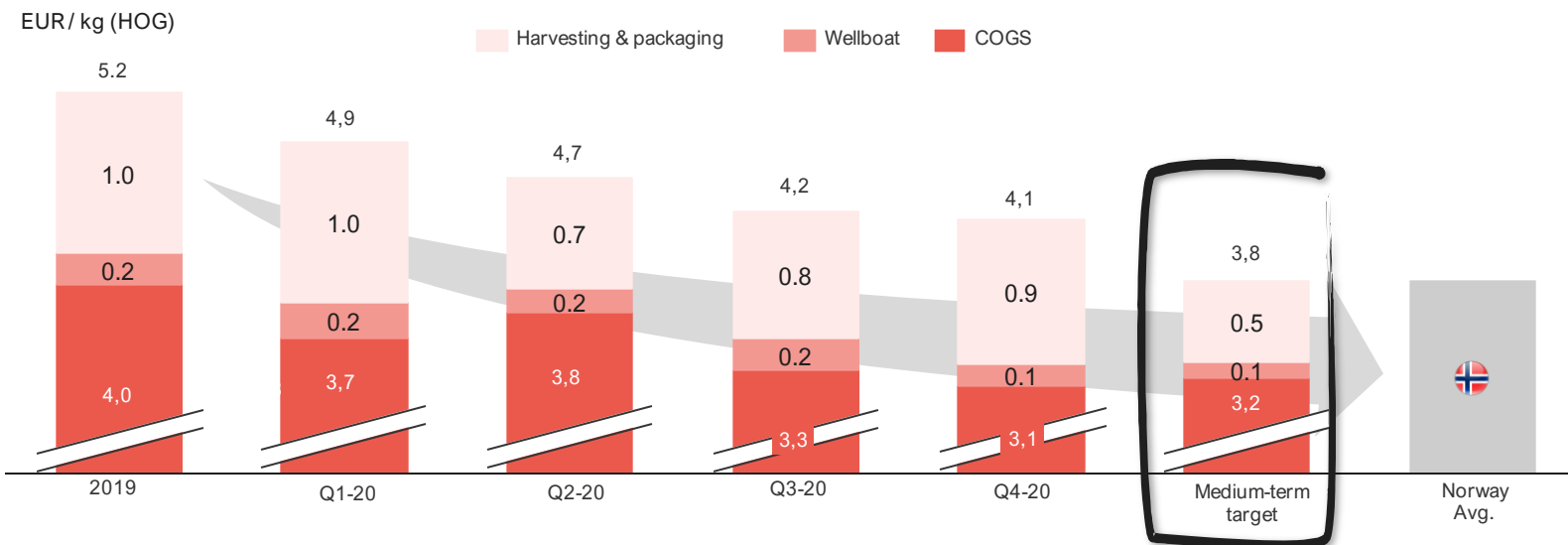
Sustainable growth potential

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Financials

On track to a competitive medium-term target cost level

Historical production cost development and medium-term target



Arctic Fish expects to decrease production cost through....

1 Biological performance

- Increased average smolt size expected to positively impact growth and mortality
- Expecting further improvements in smolt quality from RAS facility

2 Operational efficiency

- Improved operational efficiency from further increased know-how and experience
- Extended harvesting capacity will improve timing of harvesting and thereby improve sea cost and achieved price

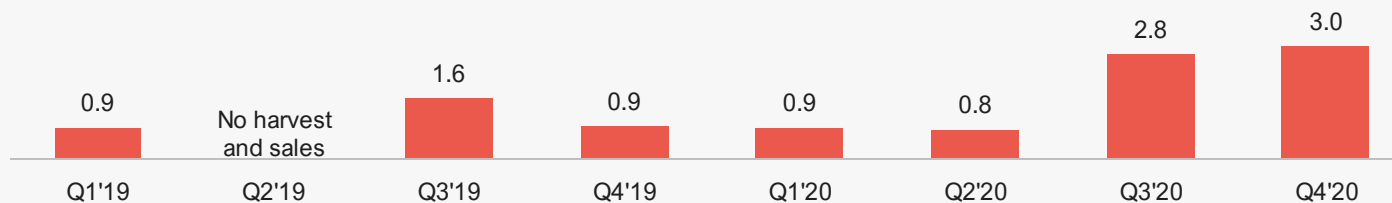
3 Primary processing

- Current harvesting capacity is a limitation with future volumes
- Investments in new technology and automation, and increased volume, is expected to decrease packing costs significantly

Quarterly volumes and financials

Quarterly harvest volumes

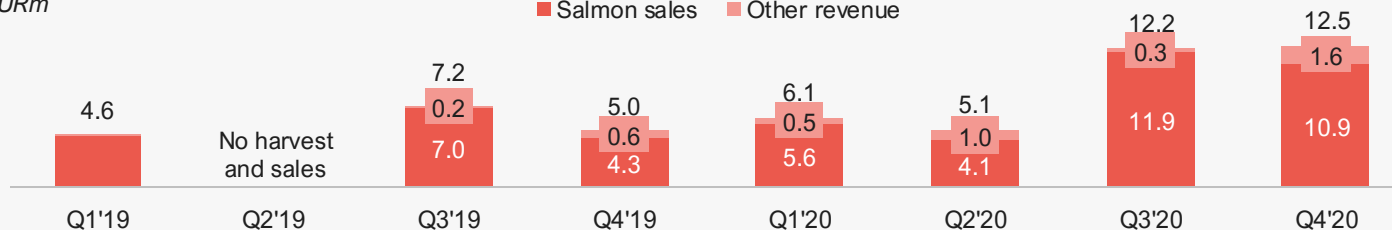
In thousand tonnes, HOG



Quarterly revenues

EURm

Salmon sales Other revenue

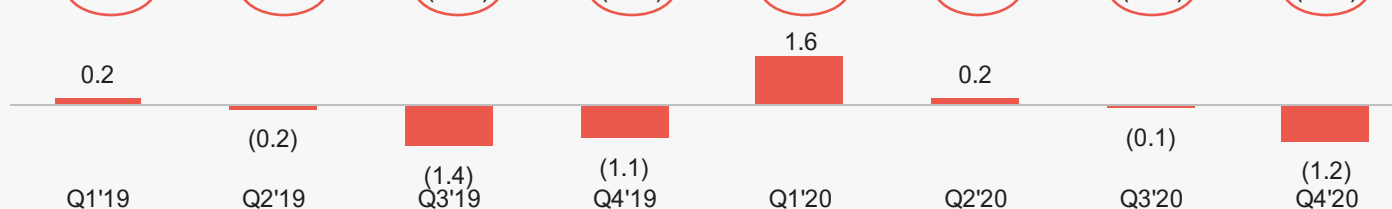


- Other revenue is mainly related to external sale of fry and smolt
- Covid-19 has impacted Q2 and end Q3 with lower price achievements than expected

Quarterly EBIT

EURm

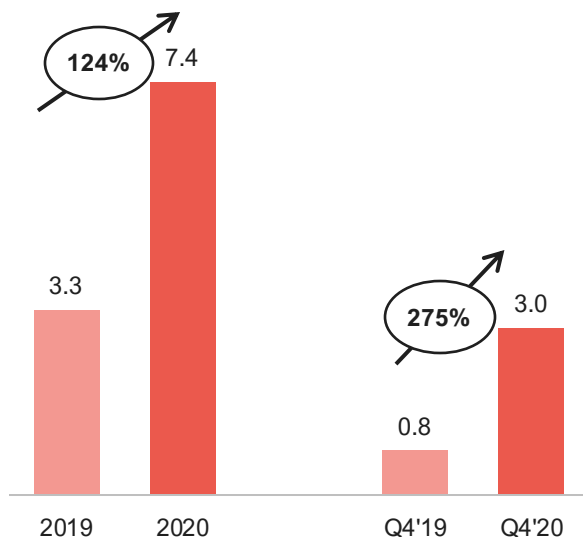
EBIT/kg¹



2020 performance shows improved operations

Volume

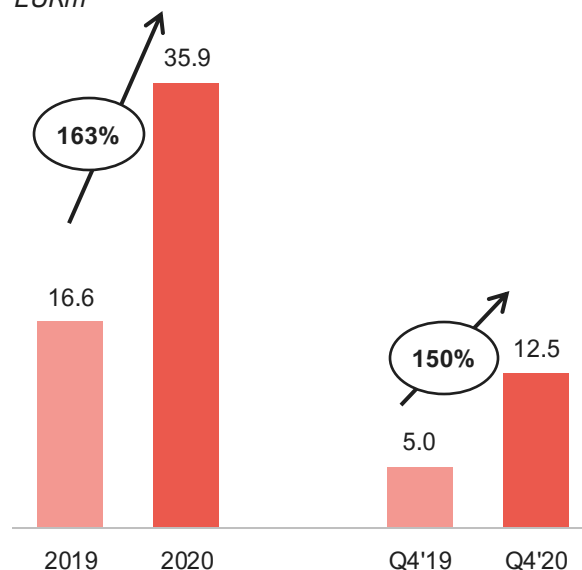
In thousand tonnes, HOG



- Arctic Fish continues the growth plan, and volumes in 2020 are considerably higher compared to 2019
- 2020 volumes ended 124% higher than 2019, at 7.4kt compared to 3.3kt
- In Q4, the Company harvested 3.3k tonnes (HOG) compared to 0.8k tonnes in Q4'19 – a 275% growth

Revenue

EURm



- Corresponding to the high-volume growth from Q4'19 to Q4'20, revenue has also increased drastically in the same period
- Arctic Fish increased their revenue by 163% from 2019 to 2020, from EUR 16.6m to EUR 35.9m

EBIT

EURm

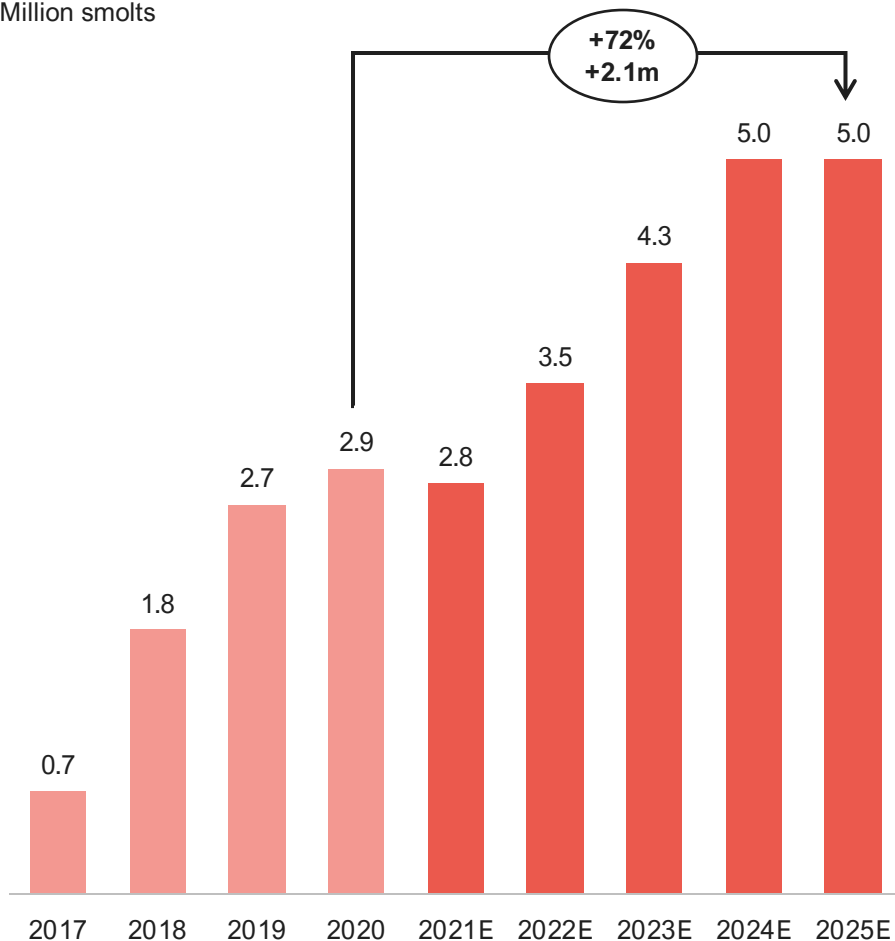


- Improved performance throughout 2020 pushed Arctic Fish to positive 2020 numbers from significant negative numbers in 2019
- The Q4'20 EBIT were approximately the same as Q4'19, but EBIT/kg saw significant improvements and was more than 3x higher in Q4'20

Targeting ~24kt harvest volume in 2025

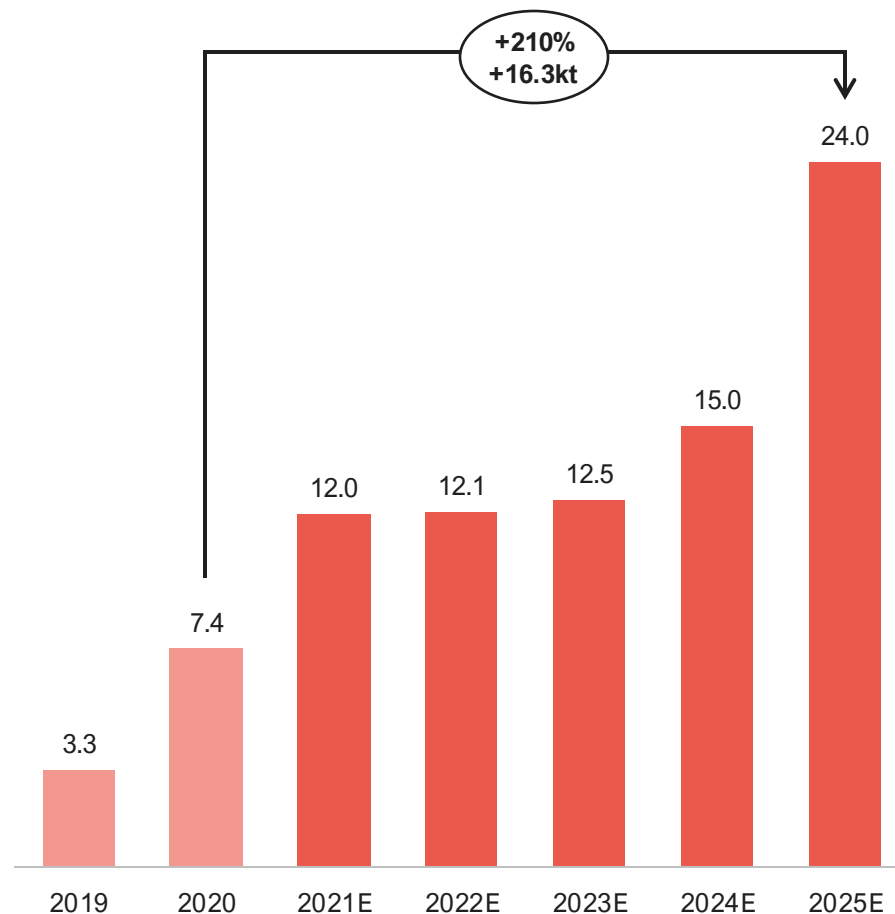
Smolt release forecast

Million smolts



Harvest volumes forecast

In thousand tonnes, HOG



Consolidated income statement

Consolidated income statement overview

EURm	2020	2019
Operating revenue	35.92	16.62
COGS	(34.50)	(17.50)
Other costs	(41.53)	(28.68)
Capitalized costs ¹	44.35	30.10
EBITDA	4.22	0.54
Depreciation	(3.75)	(2.99)
EBIT	0.47	(2.45)
Net financial	(3.81)	(2.46)
Net result	(3.34)	(4.91)

- Increased revenue from 2019 to 2020 with increased volumes and better price achievements
- Price achievement improved compared to market prices
- Increased volumes of biomass in sea for future harvesting have led to higher capitalized costs
- Improved cost performance on growing volume

Balance sheet

Balance sheet overview

EURm	End 2020	End 2019
ASSETS		
Property, plant and equipment	53.56	48.45
Goodwill	0.12	0.18
Capitalised R&D cost	2.48	1.98
Investments in companies	0.06	0.05
Total non-current assets	56.22	50.66
Biological assets	37.83	25.30
Inventories	2.59	1.04
Trade receivables	0.56	1.37
Other receivables	2.74	5.00
Cash and cash equivalents	7.57	0.97
Total current assets	51.29	33.68
Total Assets	107.51	84.34
EQUITY AND LIABILITIES		
Share capital	65.94	43.77
Share capital surplus value	5.32	5.32
Accumulated deficit	(26.77)	(23.43)
Total equity	44.48	25.66
Loans and borrowings	49.73	37.77
Loans and borrowings from owners	-	14.33
Deferred tax liabilities	0.24	0.24
Total non current liabilities	49.97	52.33
Trade payables	9.63	6.00
Bank overdrafts	2.52	-
Other payables	0.91	0.35
Total current liabilities	13.06	6.35
Total liabilities	63.03	58.68
Total Equity and Liabilities	107.51	84.34

- Biggest single property within the group is the freshwater production facility, that represents a value of EUR 28m of the property, plant and equipment. Other significant investments are in the three feeding barges and two new service boats the group owns
- Biomass investments have increased supporting the future growth and future harvesting volumes of the group
- Cash position is good despite investments in biomass and equipment with good financial backing of the owners
- Loan facilities being used as planned and close to the maximum allowed levels, apart from the equipment facility that has availability for committed CAPEX of 2020
- Overdraft facilities are taken to finance the prepayments of larger equipment purchases, this will then be paid down when the long-term financing facilities are used
- One of the members of management has been granted a bonus structure capped at EUR 1.45 million, which is triggered in parts at certain milestones
 - 1/3 of the bonus will be paid upon admission to trading on Euronext Growth Oslo
 - 2/3 of the bonus will be paid when the Company (i) has been granted 20-25k tonnes MAB for production of salmon and (ii) has reached 8-10k tonnes annual harvest of salmon



ArcticFish