



Arctic Fish

Q1 report 2021

11th May 2021

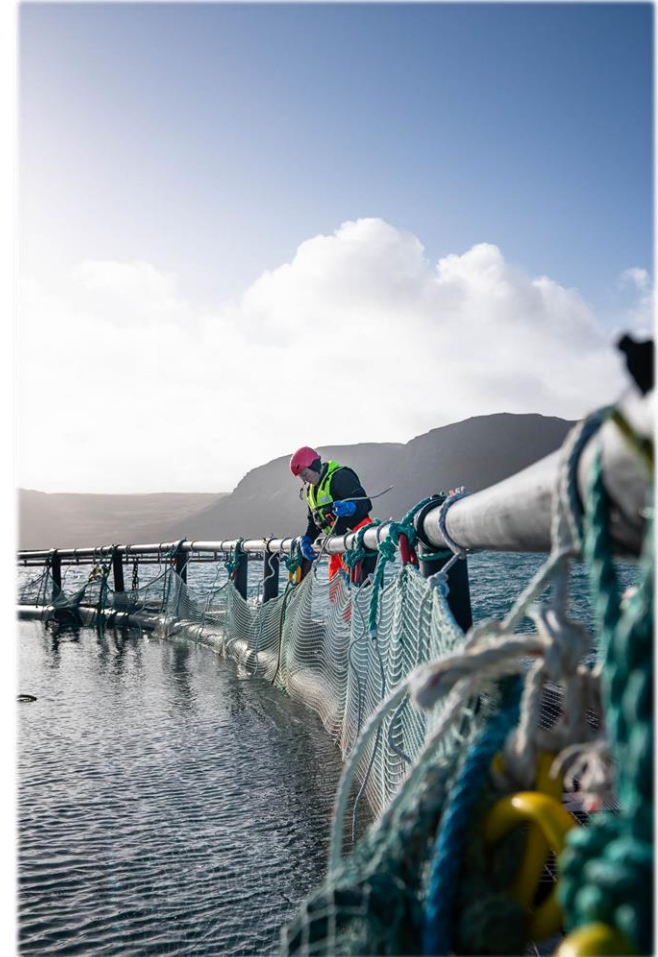


Agenda

1	Highlights for the period
2	Segment information
3	Group financials
4	Markets
5	Growth projects
6	Outlook and summary

Highlights in Q1 2021

- Operational EBIT of 17,8 mNOK for the group, and a farming operational EBIT 5,67 NOK/kg
- Production cost down by 3,9 NOK/kg from Q4 2020
- Average price of 44,48 NOK/kg
- Harvested 7% more than expected – Harvested 3.793 tonnes
- Successful listing on Euronext Growth Oslo Stock Exchange
- Received organic certificate for smolt and specific sea sites. First organic eggs received and organic smolt release on track.



Financial Highlights in Q1 2021

KEY FIGURES		
	Q1 2021	Q1 2020
(NOK '000)		
Operating revenue	168.843	64.172
Operational EBITDA	28.190	26.048
Operational EBIT	17.800	16.903
EBIT	56.439	16.903
Earnings before tax (EBT)	73.721	8.296
Earnings per share (NOK)	2,31	0,26
Net profit/loss	73.721	8.297
Volume harvested	3.793	863
Operational EBIT per kg	5,67	16,98
Net cash flow from operating activities	31.657	17.632

- Operating revenue 168,8 mNOK
- Operational EBIT of 17,8 mNOK
- Operational EBIT pr. kg of 5,67 NOK for the farming
- Net interest bearing debt of 111,6 mNOK
- Equity ratio of 61,9%

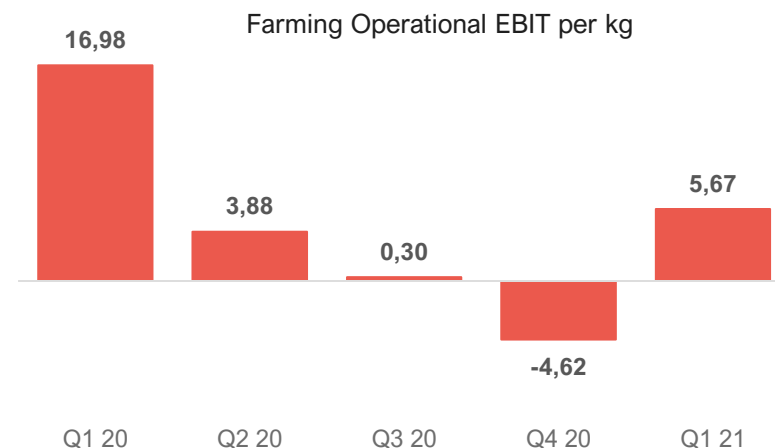


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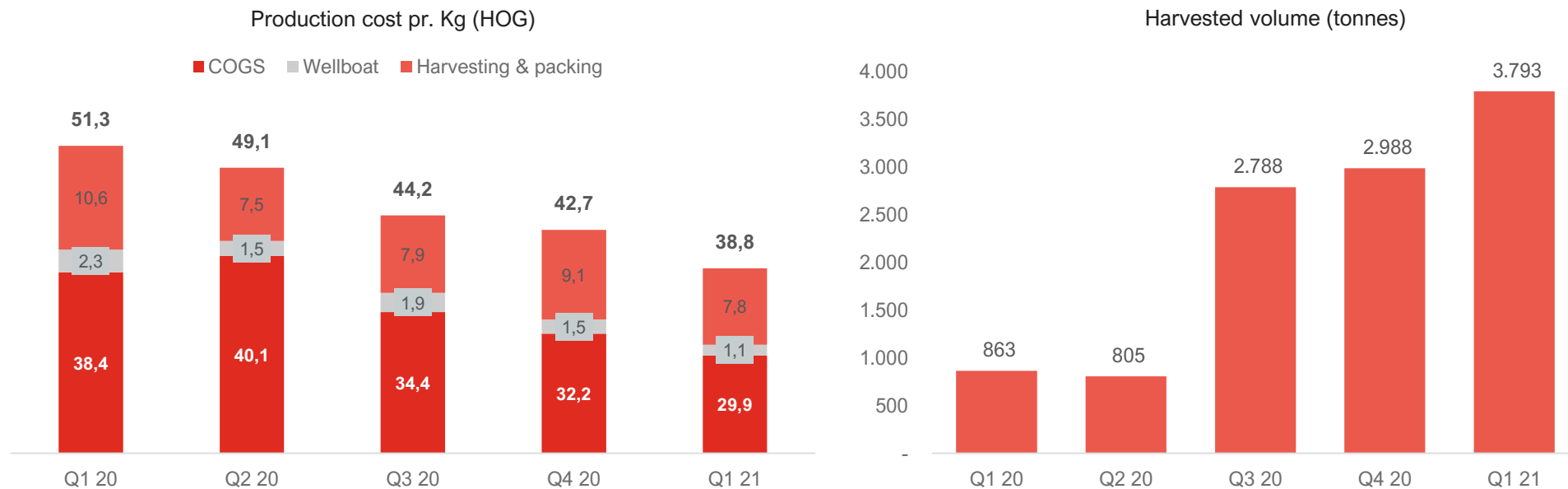
Farming

FARMING - KEY FIGURES		
(NOK '000)	Q1 2021	Q1 2020
Operating revenues	168.843	64.172
Operational EBIT	21.521	14.646
Volume harvested (tonnes)	3.793	863
Operational EBIT per kg	5,67	16,98



- Operational EBIT per kg of 5,67
 - Operational EBIT pr. kg down by 11,31 NOK from Q1 20 to Q1 21
- Sales price FCA packing station down by NOK 23,76 per kg from Q1 20 and up NOK 6,38 per kg from Q4 20.
 - The quality of the fish in Q1 was good that contributed positively to the price achievement, but the timing of the harvesting was mostly in February that had a negative impact.

Farming



- Production cost per kg in Q1 2021 is down by 3,9 NOK from Q4 2020
 - Harvesting costs have been steadily declining due to increased volumes and improved biology
- Production costs Q2 2021 expected to increase slightly
 - Production costs will increase due to start up of harvesting from a new site
- Harvested volume Q1 2021 increased by 805 tonnes from Q4 2020
 - Harvested quantities were more than expected.

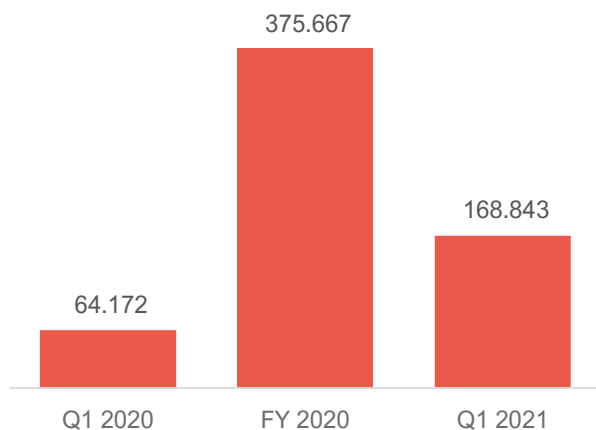


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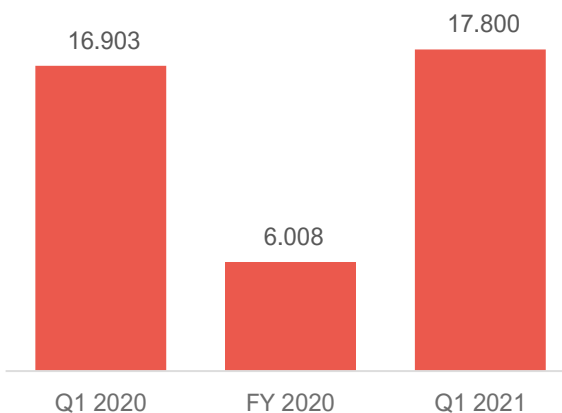
Key income statement items

Operating revenue



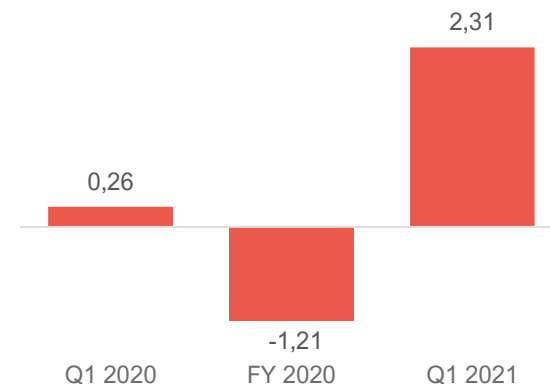
- Revenue up by 163% YoY
 - 440% difference in harvesting quantities Q1 YoY

Operational EBIT



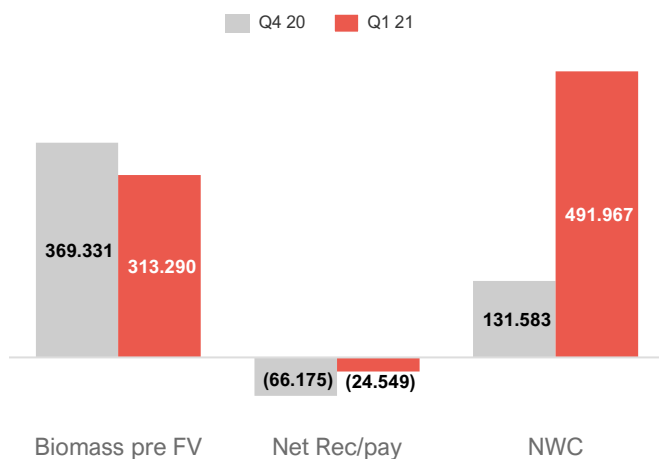
- Operational EBIT up by 5,3% YoY
 - Average salmon price declined by 34,8% from last year

Earnings per share

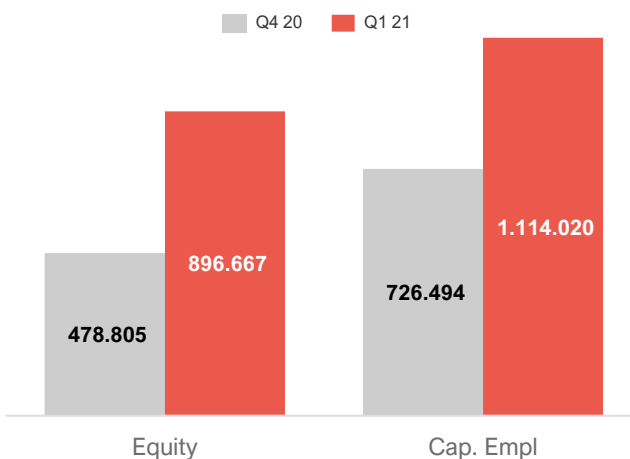


- Earnings pr. share up 2,05 NOK YoY
 - Influenced by positive effect of Fair Value Adjustments and financial items

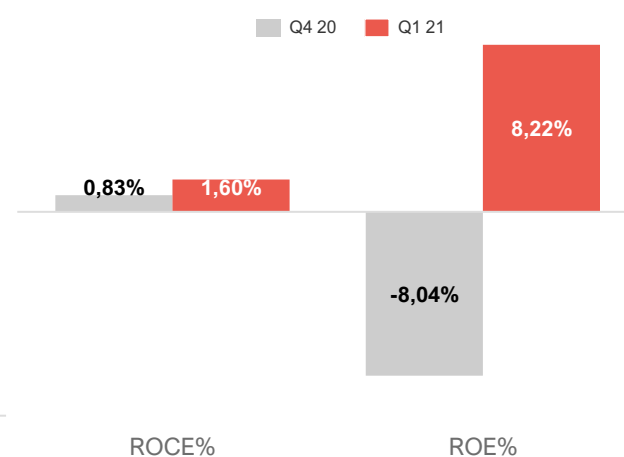
Key balance sheet items



- Biomass pre FV down by 56 mNOK
- Net account receivables and account payables increased by 41,6 mNOK
- Net working capital up by 360 mNOK



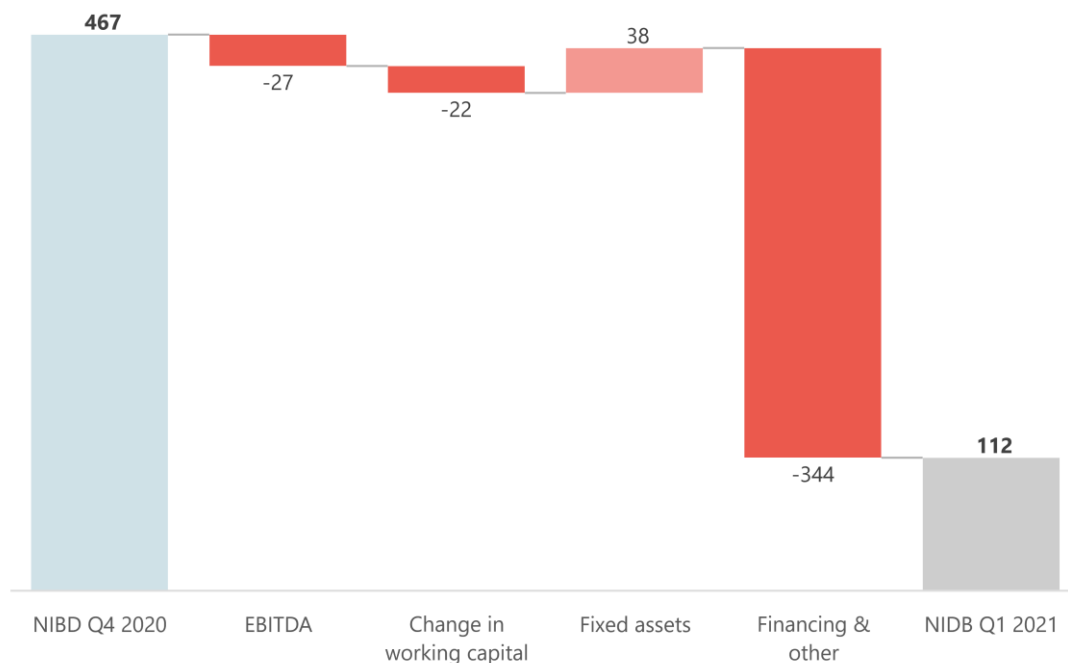
- Equity up by 417,8 mNOK
 - Equity ratio of 61,9%
- Capital employed up by 387,5 mNOK



- Return on capital employed up by 0,77%
- Return on equity up by 16,26%

NIBD development and financial covenants

NIBD development



- Net interest bearing debt down by 344 mNOK in the quarter, due to financing activities

Net interest bearing debt

NET INTEREST BEARING DEBT		
(NOK '000)	31.3.2021	31.12.2020
Reported long term interest bearing debt	214.847	245.184
Reported short term interest bearing debt	244.462	301.154
Interest bearing long term receivables	-	-
Reported bank deposits	- 347.691	- 79.171
Total net interest bearing debt	111.618	467.166

Equity ratio

EQUITY RATIO		
(NOK '000)	31.3.2021	31.12.2020
Reported equity	896.667	478.805
Reported total assets	1.447.423	1.137.847
Equity ratio	61,9%	42,1%

Interest bearing debt overview

INTEREST BEARING DEBT OVERVIEW			
(NOK '000)	31.3.2021	Loan agreement	Unused
Reported long term interest bearing debt	214.847	340.000	125.153
Reported short term interest bearing debt	244.462	330.000	85.538
Total interest bearing debt	459.309	670.000	210.691

Bank covenants

- Equity ratio has to remain above 40%
- Minimum EBITDA on a 12 month rolling basis has to remain over 30 mNOK
 - EBITDA from April 1st 2020 to March 31st 2021 has been 45 mNOK

The proceeds from the private placement will mainly be used to fund growth investments

Sources and uses of proceeds

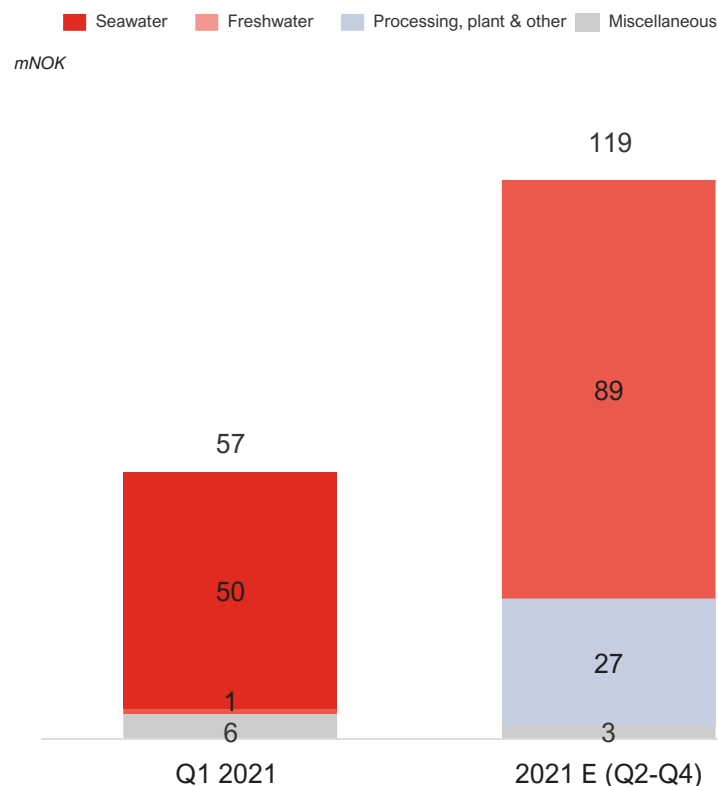
NOKm	
Completed private placement	350
Total new capital raised	350

NOKm	
Invest in value chain to fund further growth	
• Expansion of smolt capacity	
• Farming equipment	
• Branding initiatives	
• Biomass build-up	350
• Increase harvesting capacity	
• Other (e.g. working capital, transaction costs)	
Total use of proceeds	350

Recently secured bank financing

- EUR 67m bank financing and a further EUR 7m construction financing has recently been secured, further financing for future Capex plans ongoing
- Current financing will enable the Company to start on the smolt capacity expansion and accommodates growth in biomass
- Additional new bank financing will be needed for the increase in harvesting capacity

Planned capital expenditure going forward



Credit facilities from bank of mNOK 670

- **Late in Q4 2020 Arctic Fish completed a new loan agreement, the main components of the agreement are as follows:**
 - 300 Million NOK revolving facility for Biomass
 - 340 Million NOK long term loan
 - 30 Million NOK overdraft facility
- **Covenants:**
 - 40% Equity ratio
 - 12 month EBITDA has to be at least 30 Million NOK
 - Leverage* ratios to be tested after the 2nd quarter of 2020, starting with the ratio 5:1 until the end of 2021 and consequently 4.5:1

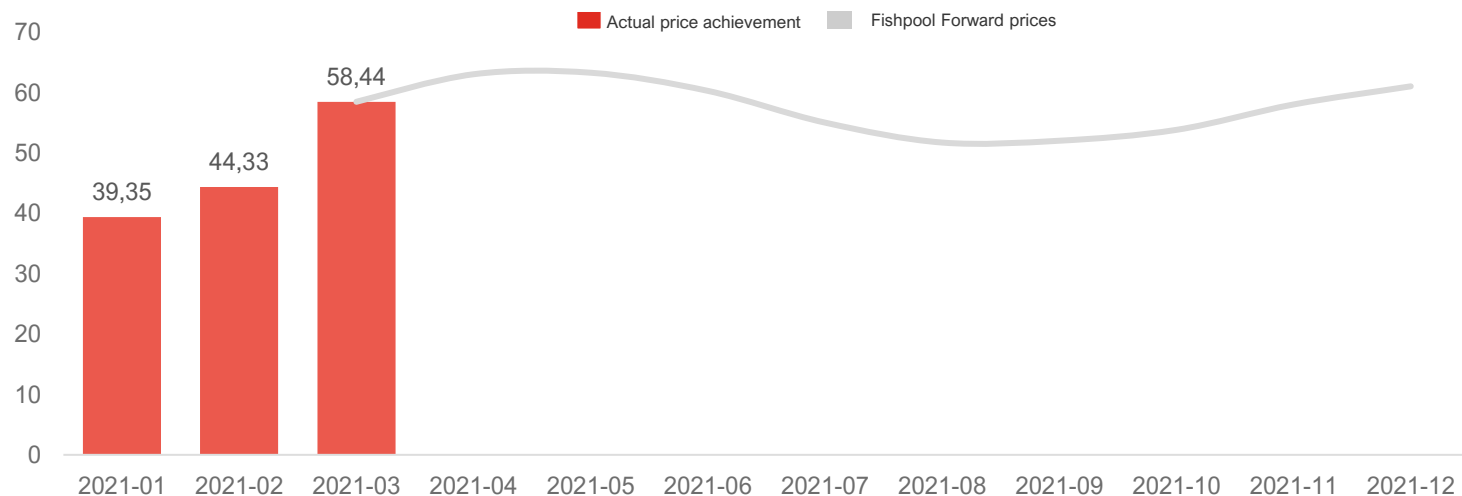
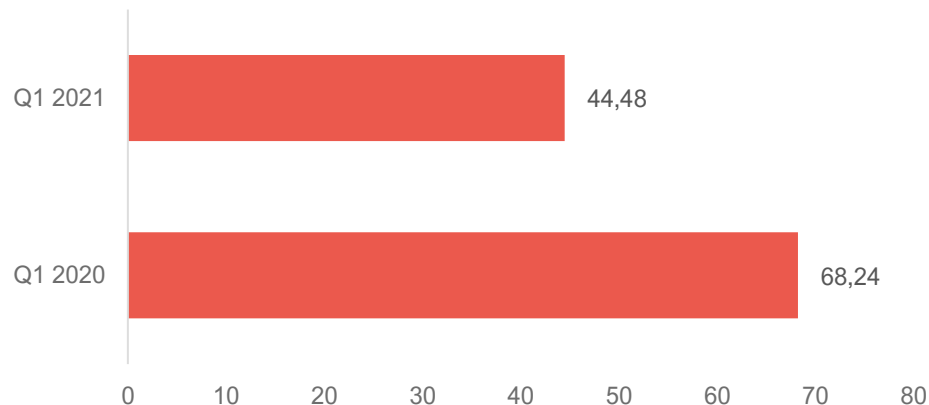


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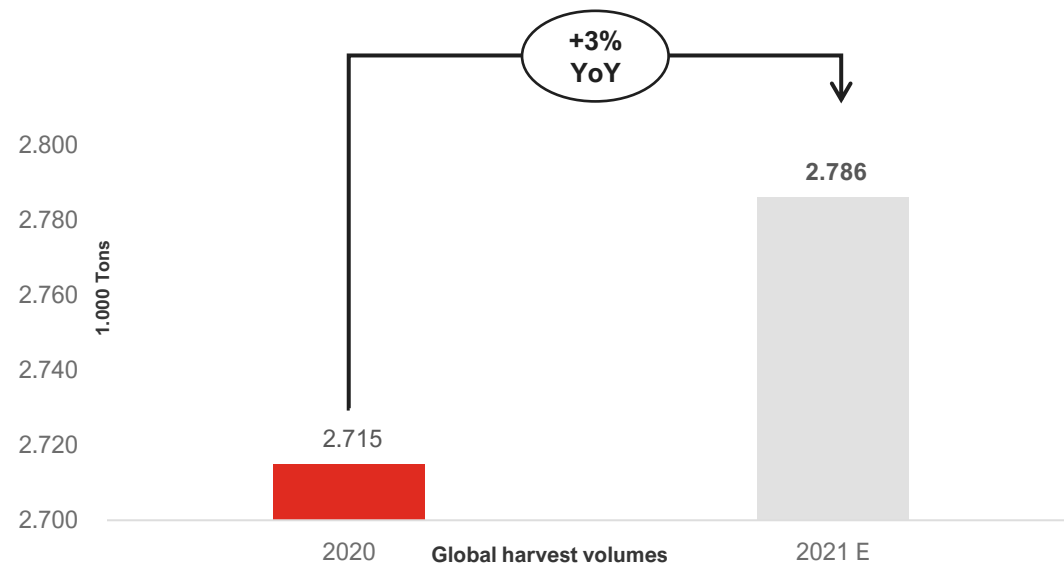
Market outlook

- Q1-21 price achievement decreased by 34,8% from Q1-20
- With negative growth in global harvest volume for the rest of year provides a positive view on the salmon price, but COVID-19 is still a risk.
- It should be noted that the prices Arctic Fish achieves are FCA Bildudalur that are not completely comparable to the forward prices used by Fish Pool.



Global harvest volumes 2021

- Q1 global growth coming in at 12 % YoY, mainly driven by strong growth from Europe
- Q2 is expected to give limited growth of 1 %, due to significant reduction in Chile
- Second half of 2021 is expected to have roughly same volumes as 2020
- 2021 in total is expected to increase 3% YoY



Harvest volumes	Q1-21 E	Q1-20	%	Q2-21 E	Q2-20	%	Q3-21 E	Q3-20	%	Q4-21 E	Q4-20	%	2021 E	2020	%
Europe	425	363	17%	414	383	8%	470	442	6%	519	485	7%	1828	1673	9%
Americas	225	221	2%	189	219	-14%	195	241	-19%	215	257	-16%	824	938	-12%
Other	29	21	38%	30	22	36%	37	29	28%	38	32	19%	134	104	29%
World	679	605	12%	633	624	1%	702	712	-1%	772	774	0%	2786	2715	3%

* 1.000 tons

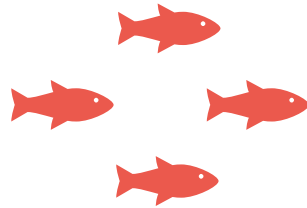


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Considerable growth for Arctic Fish is expected

1 Increased smolt capacity

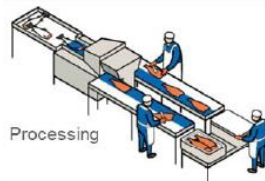


- In 2020 the Company released ~2.9m smolt with more than 8.9m smolt released since 2017
- With the planned expansion, the smolt capacity will be ~1,000 tones ~ 5 million smolt at ~200 grams
- Existing smolt production can facilitate 17.5kt HOG salmon production volume with planned expansion increasing capacity to ~25kt HOG to meet future expected licenses



In advanced detail planning phase for increased smolt capacity

2 Increased harvesting capacity



- Current harvesting capacity is a limitation with future volumes
- Investments and additional volumes are needed to bring harvesting cost down to more acceptable levels
- Opportunity to increase capacity through jointly or stand-alone projects



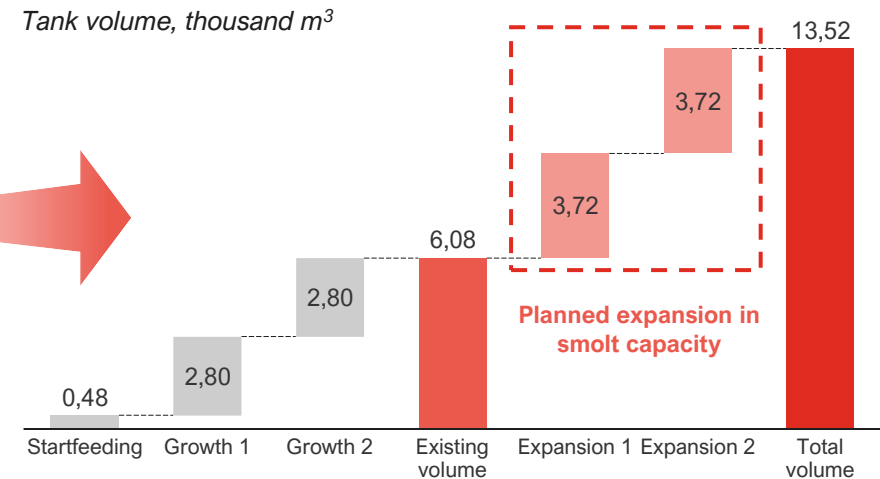
On going process regarding future solution and setup

Aggressive smolt expansion plan

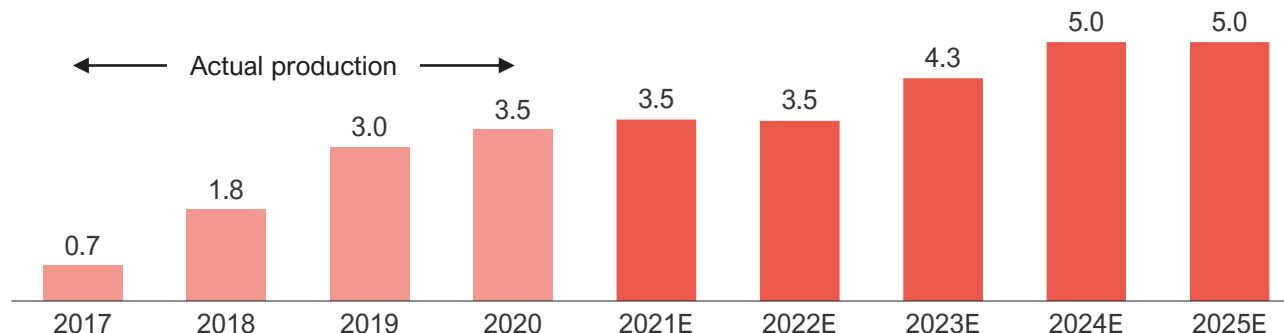
Commentary

- Two-step plan to increase tank volume with 7,500m³ and increase smolt capacity to 5 million smolt
- Planned groundwork starting late 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 210-240 mNOK – budget expected to be closed in Q2
- 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



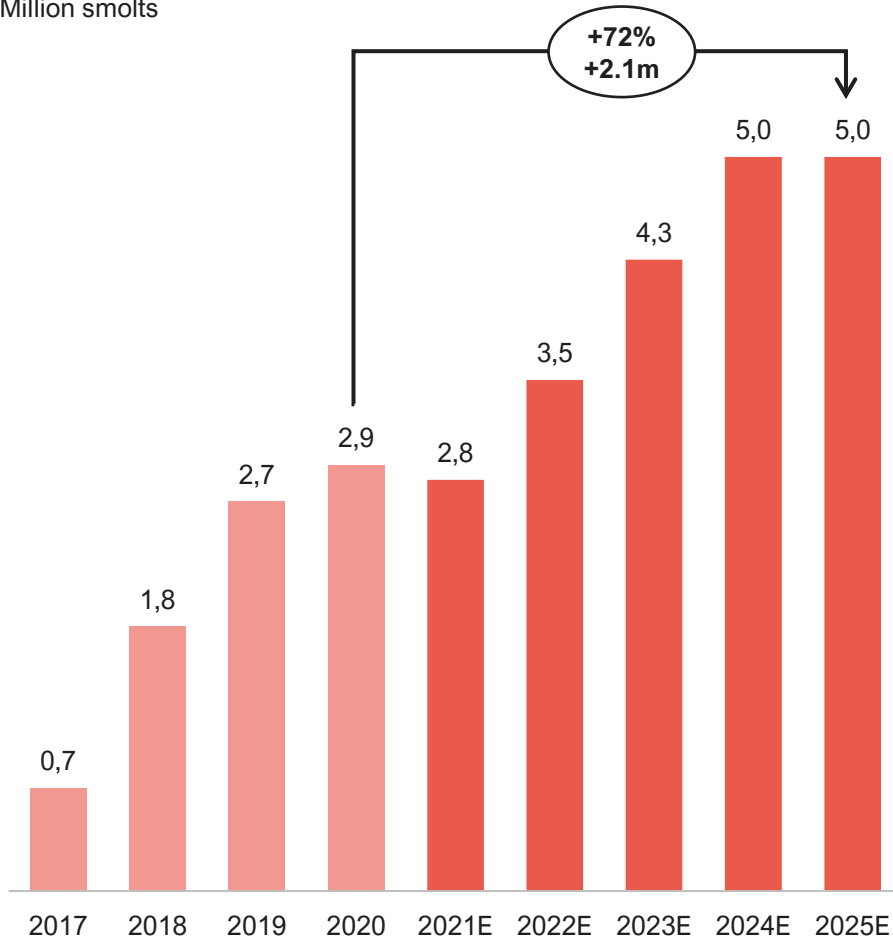
Smolt capacity forecast (in million)



Targeting ~24kt harvest volume in 2025

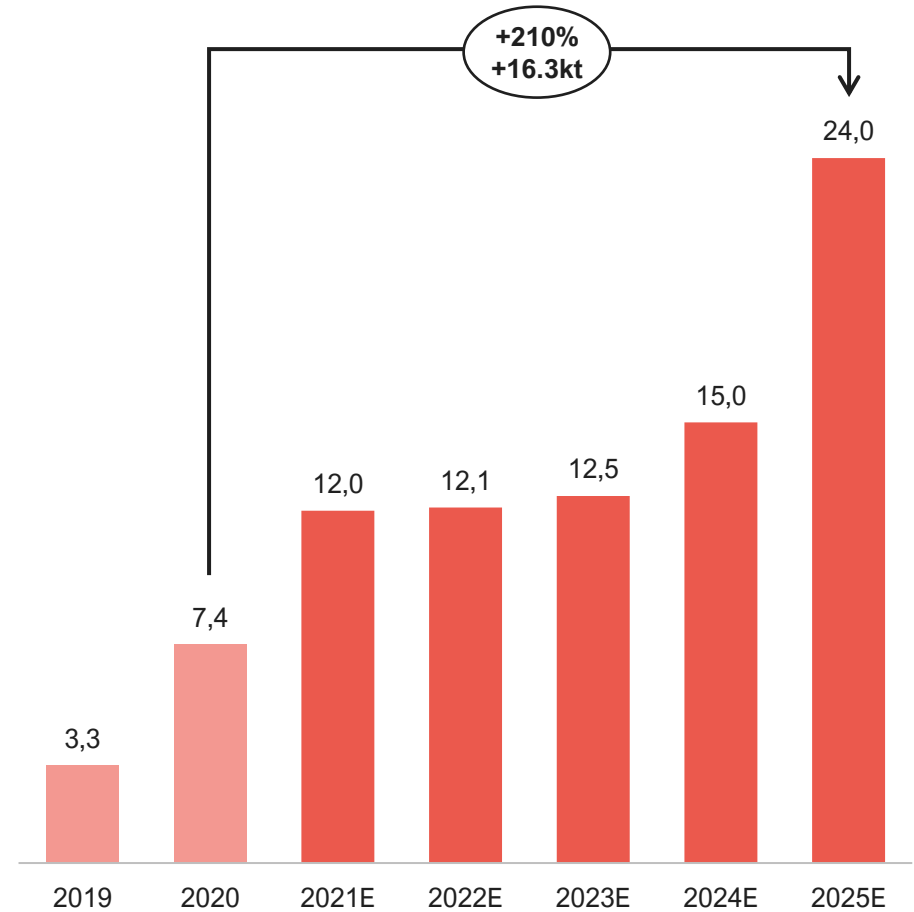
Smolt release forecast

Million smolts



Harvest volumes forecast

In thousand tonnes, HOG

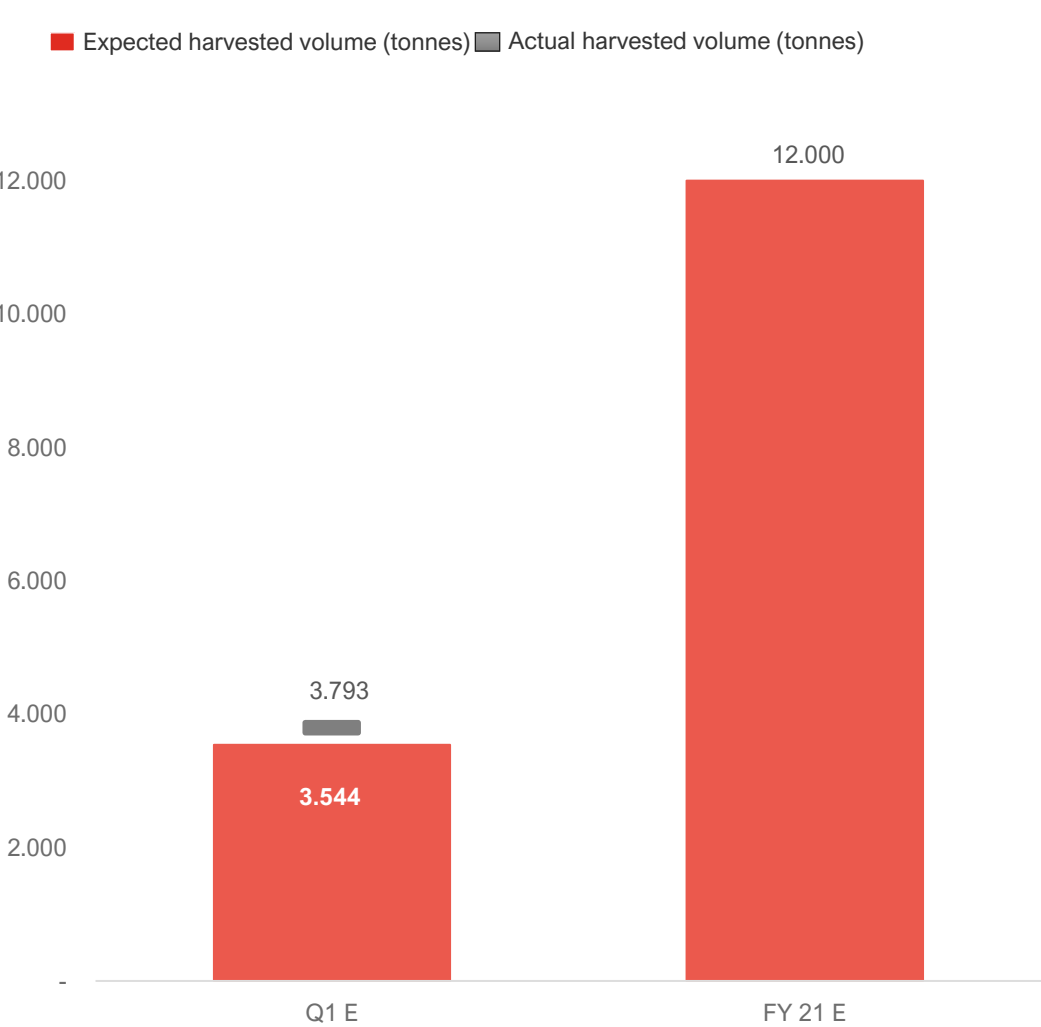




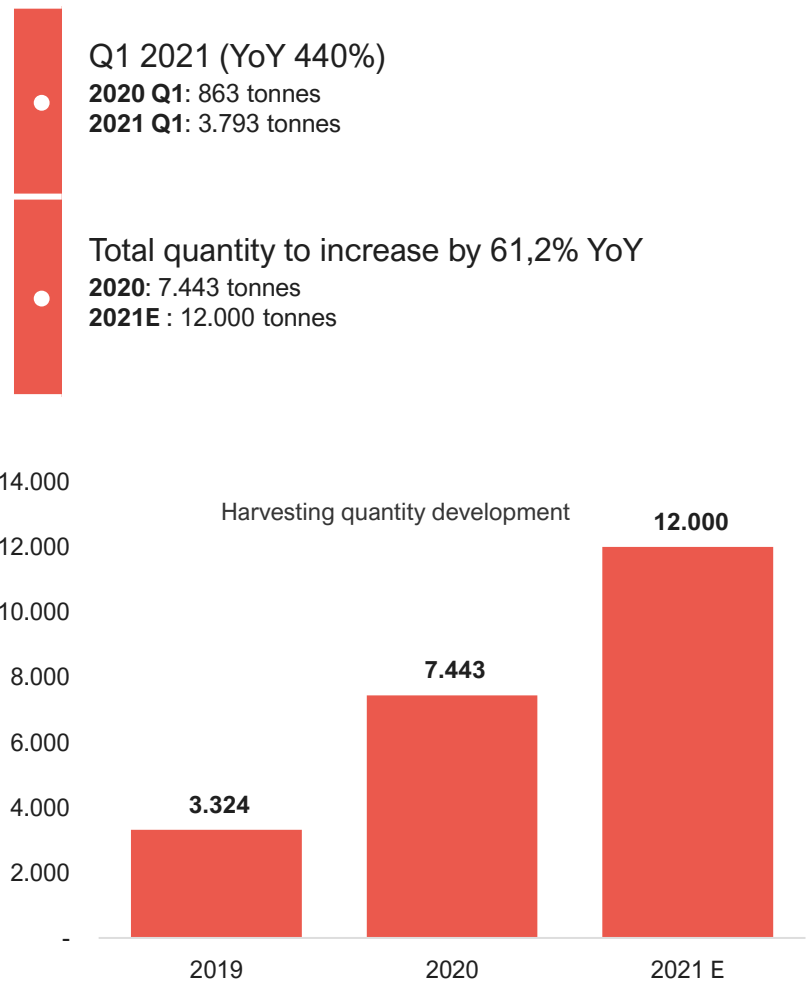
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Harvesting estimates 2021



Harvest volumes



Summary



Successful listing on Euronext Growth Oslo

IPO: 19th February 2021



Production cost in Q1 2021 down by 3,9 NOK from Q4 2020

Harvesting costs have been steadily declining due to volumes and improved biology



Total quantity harvested is expected to increase by 61,2% YoY

2020: 7.443 tonnes

2021E : 12.000 tonnes



With negative growth in global harvest volume for the rest of year provides a positive view on the salmon price, but COVID-19 is still a risk.

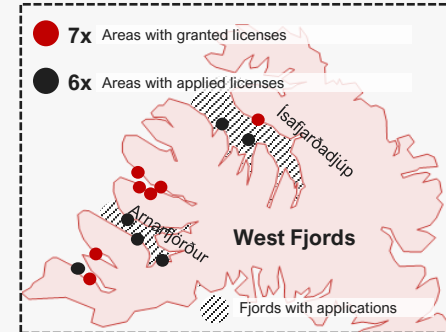
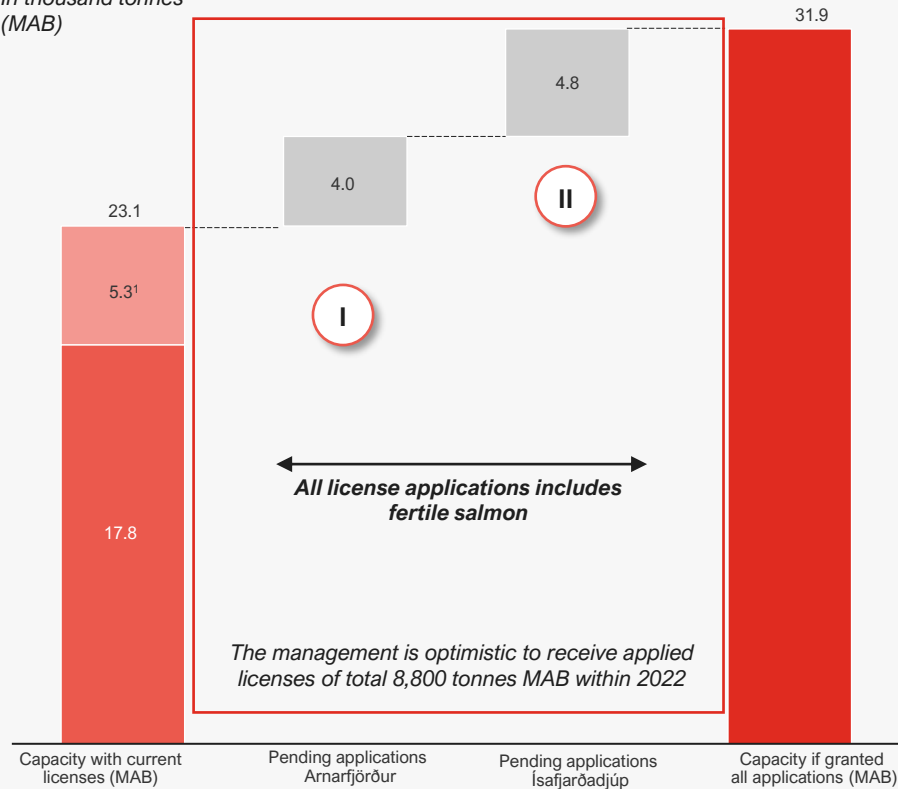
Appendix: License information



Farming and license portfolio

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

In thousand tonnes
(MAB)



I

Total applications for 4kt MAB in Arnarfjörður – final environmental report (Matsskýrsla) concluded by the Planning Agency (“PA”) , is now in application process and the Company is optimistic about receiving these applied licenses

II

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

Appendix: Group financials



Group income statement

CONSOLIDATED INCOME STATEMENT

(NOK '000)	Q1 2021	Q1 2020	FY 2020
Operating revenues	168.843	64.172	375.667
Cost of goods sold	102.873	10.386	192.800
Salaries	12.098	9.881	42.025
Depreciation	10.390	9.145	40.113
Other operating costs	25.682	17.858	94.410
Operational EBIT	17.800	16.903	6.319
Fair value adjustments	40.273	0	-4.638
Production tax	-1.633	0	-312
EBIT	56.439	16.903	1.369
Other net financial items	17.282	-8.606	-39.870
Earnings before tax (EBT)	73.721	8.296	-38.500
Taxes	0	0	0
Profit after tax from continuing operations	73.721	8.297	-38.500
Profit after tax on discontinued operations incl. profit from sale	0	0	0
Net profit/loss	73.721	8.297	-38.500
Profit attributable to:			
Parent company shareholders	73.721	8.297	-38.500
Minority interests	0	0	0
Earnings per share, continuing operations (NOK)	2,31	0,26	-1,21
Earnings per share, continuing operations - diluted	2,31	0,26	-1,21
Earnings per share (NOK)	2,31	0,26	-1,21
Earnings per share - diluted	2,31	0,26	-1,21

COMPREHENSIVE INCOME STATEMENT

(NOK '000)	Q1 2021	Q1 2020	FY 2020
Net profit/loss	73.721	8.297	-38.500
Total comprehensive income	73.721	8.297	-38.500
Total comprehensive income attributable to:			
Parent company shareholders	73.721	8.297	-38.500

Statement of the financial position

STATEMENT OF FINANCIAL POSITION

(NOK '000)	31.3.2021	31.3.2020	31.12.2020
Intangible assets	40.149	28.899	34.297
Property, plant and equipment	581.274	502.484	559.988
Non-current financial assets	629	559	626
Non-current assets	622.052	531.942	594.911
Inventory and biological assets	421.229	316.574	429.237
Receivables	56.449	92.202	34.528
Bank deposits	347.691	13.746	79.171
Current assets	825.370	422.523	542.936
TOTAL ASSETS	1.447.423	954.464	1.137.847
Share capital	31.877	457.719	689.476
Other equity	864.790	-163.495	-210.672
Equity	896.667	294.224	478.805
Deferred tax	2.506	2.506	2.506
Provisions	2.506	2.506	2.506
Long-term interest-bearing debt	214.847	358.567	245.184
Short-term interest-bearing debt	244.462	186.110	301.154
Trade payables	80.998	100.093	100.703
Other current liabilities	7.943	12.965	9.495
Current liabilities	333.403	299.167	411.353
TOTAL EQUITY AND LIABILITIES	1.447.423	954.464	1.137.847

Group cash flow statement

Statement of cash flow

(NOK '000)	Q1 2021	Q1 2020	FY 2020
Operational EBIT	17.800	16.903	6.319
Adjusted for:			
Depreciation	10.390	9.145	40.113
Production tax	-1.633	0	-312
Change in inventories/biological assets	48.281	-29.415	-146.716
Change in account receivables and accounts payables	-41.627	11.672	69.957
Change in other current assets and liabilities	-1.552	9.326	5.856
Net cash flow from operating activities	31.657	17.632	-24.782
Cash flow from investing activities			
Payments for purchase of fixed assets and licenses (MAB)	-37.531	-5.768	-99.705
Net cash flow from investing activities	-37.531	-5.768	-99.705
Cash flow from financing activities			
Proceeds from borrowings	0	0	597.944
Repayment of borrowings	-30.337	-16.663	-622.640
Current debt repayment	-56.692	16.611	26.306
Issued new share capital	344.141	0	231.757
Net interest payments	-5.333	-8.227	-39.870
Adjustment due to Currency difference interest bearing debt	22.614	0	0
Net cash flow from financing activities	274.394	-8.280	193.497
Net increase in bank deposits	268.520	3.584	69.010
Bank deposits as of start of period	79.171	10.162	10.162
Bank deposits as of 31 March	347.691	13.746	79.172

Statement of equity

STATEMENT OF EQUITY

31.3.2021	Equity allocated to parent company shareholders			Total	Non-controlling interests	Total equity
	Share capital	Treasury shares	Retained earnings			
(NOK '000)						
Equity at 01.01.2021	689.476	0	-210.672	478.805	0	478.805
Total comprehensive income	0	0	73.721	73.721	0	73.721
Transactions with shareholders						
Reclassification due to new parent	-689.476		12.888	-676.588		-676.588
Issued share capital	26.158		650.431	676.588		676.588
Issued share capital	5.719		344.281	350.000		350.000
Transaction costs			-5.859	-5.859		-5.859
Total transactions with shareholders	-657.600	0	1.001.740	344.141	0	344.141
Equity at 31.3.2021	31.877	0	864.790	896.667	0	896.667

31.12.2020	Equity allocated to parent company shareholders			Total	Non-controlling interests	Total equity
	Share capital	Treasury shares	Retained earnings			
(NOK '000)						
Equity at 31.12.2019 (ICEGAAP)	457.719	0	-189.415	268.304	0	268.304
Effect of implementation IFRS			17.244	17.244		17.244
Equity at 01.01.2020 (IFRS)	457.719	0	-172.171	285.548	0	285.548
Total comprehensive income	0	0	-38.500	-38.500	0	-38.500
Transactions with shareholders						
Issued share capital	231.757			231.757		231.757
Total transactions with shareholders	231.757	0	0	231.757	0	231.757
Equity at 31.12.2020	689.476	0	-210.672	478.805	0	478.805

Shareholders

Ownership structure: The largest 20 shareholders as of 31.3.2021*

Rank	Name	# of shares	% ownership
1	NORWAY ROYAL SALMON ASA	16.346.824	51,28%
2	BREMESCO HOLDINGS LIMITED	9.104.582	28,56%
3	J.P. Morgan Bank Luxembourg S.A.	2.661.068	8,35%
4	Landsbankinn hf.	477.368	1,50%
5	CLEARSTREAM BANKING S.A.	438.090	1,37%
6	KVERVA FINANS AS	258.000	0,81%
7	VERDIPAPIRFONDET NORDEA AVKASTNING	237.107	0,74%
8	VERDIPAPIRFONDET PARETO INVESTMENT	206.000	0,65%
9	VERDIPAPIRFONDET NORDEA KAPITAL	193.100	0,61%
10	VERDIPAPIRFONDET NORDEA NORGE VERD	168.033	0,53%
11	MP PENSJON PK	165.000	0,52%
12	J.P. Morgan Bank Luxembourg S.A.	143.849	0,45%
13	VERDIPAPIRFONDET EIKA SPAR	127.909	0,40%
14	VERDIPAPIRFONDET DELPHI NORGE	115.000	0,36%
15	VERDIPAPIRFONDET PARETO NORDIC	103.000	0,32%
16	VERDIPAPIRFONDET EIKA NORGE	99.750	0,31%
17	ROTH	80.000	0,25%
18	VERDIPAPIRFONDET NORDEA NORGE PLUS	74.904	0,23%
19	VERDIPAPIRFONDET HOLBERG TRITON	50.733	0,16%
20	TRETHOM AS	41.111	0,13%
Ownership of 20 largest shareholders		31.091.428	97,54%
Total number of shares		31.876.653	100,00%

Arctic Fish Holding does not own any of it's shares



ArcticFish