



Arctic Fish

The 16th North Atlantic Seafood Forum
2021 Digital Conference

Stein Ove Tveiten – CEO



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Outlook for the Icelandic salmon industry

Arctic Fish in brief



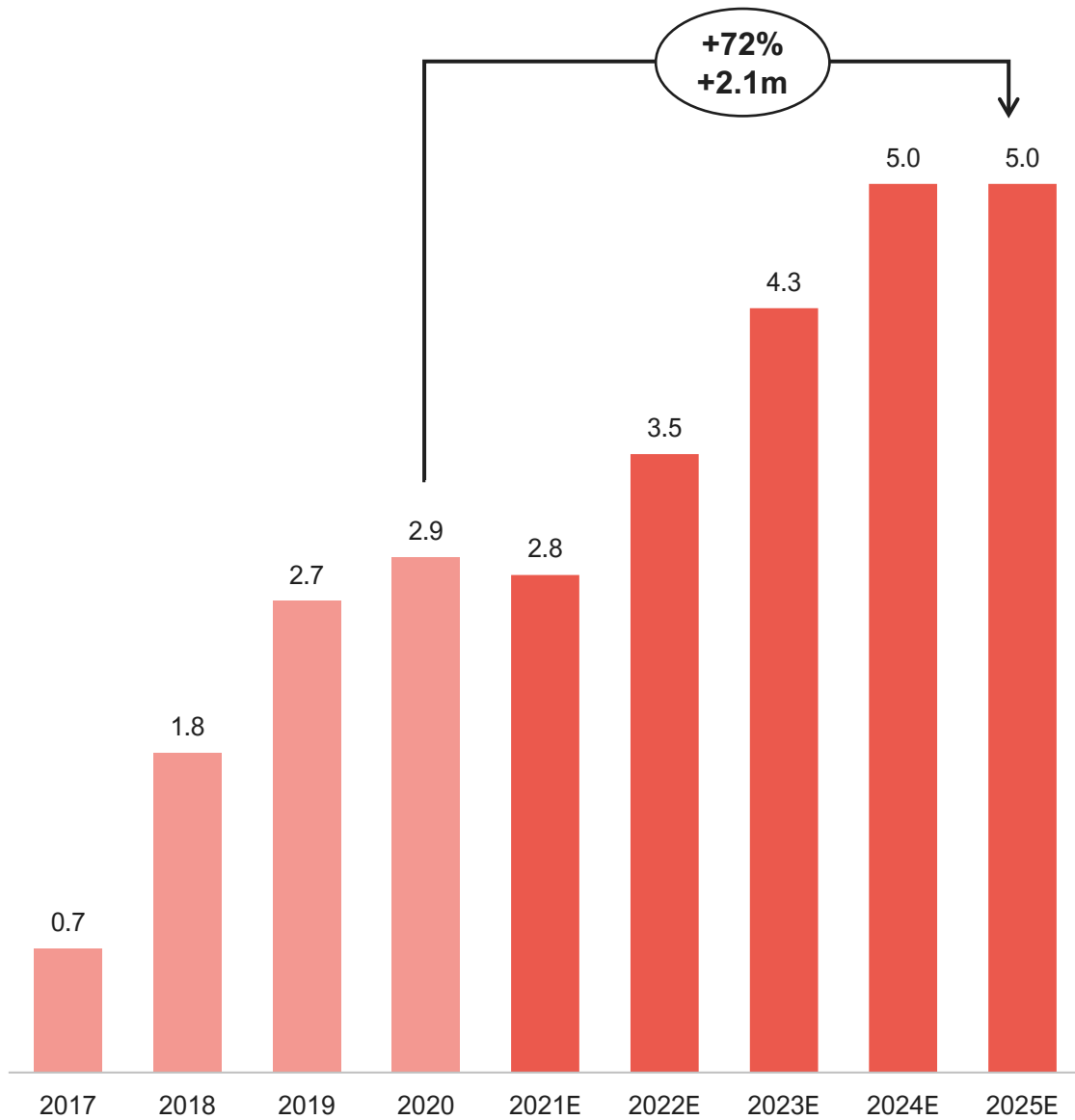
Introduction to Arctic Fish

- Arctic Fish is one of the leading salmon farmers in Iceland, situated in the West Fjords with favourable conditions for fish farming – the Company was founded in 2011 by Novo ehf which has gradually positioned themselves as a pioneer in salmon farming in Iceland
- The company was founded and is operated on the basis of a sustainable production of farmed fish with strict regulations and standards
- The West Fjords are known for its pristine nature with optimal seawater conditions, low density and high growth potential
- Arctic Fish is listed at the Euronext Growth Oslo

¹Head-on gutted (“HOG”),

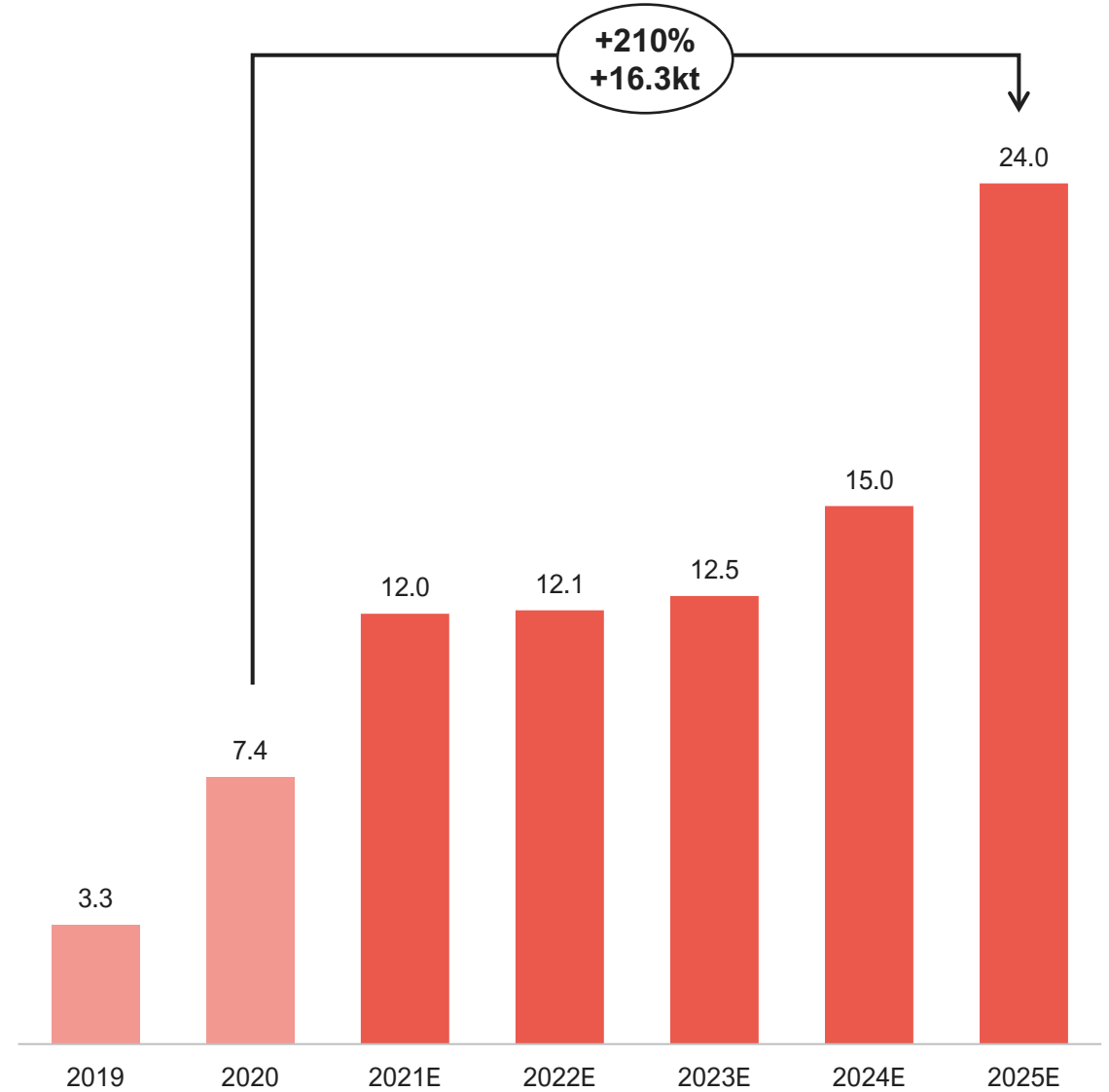
Targeting 24 kt harvest volume in 2025

Smolt release forecast



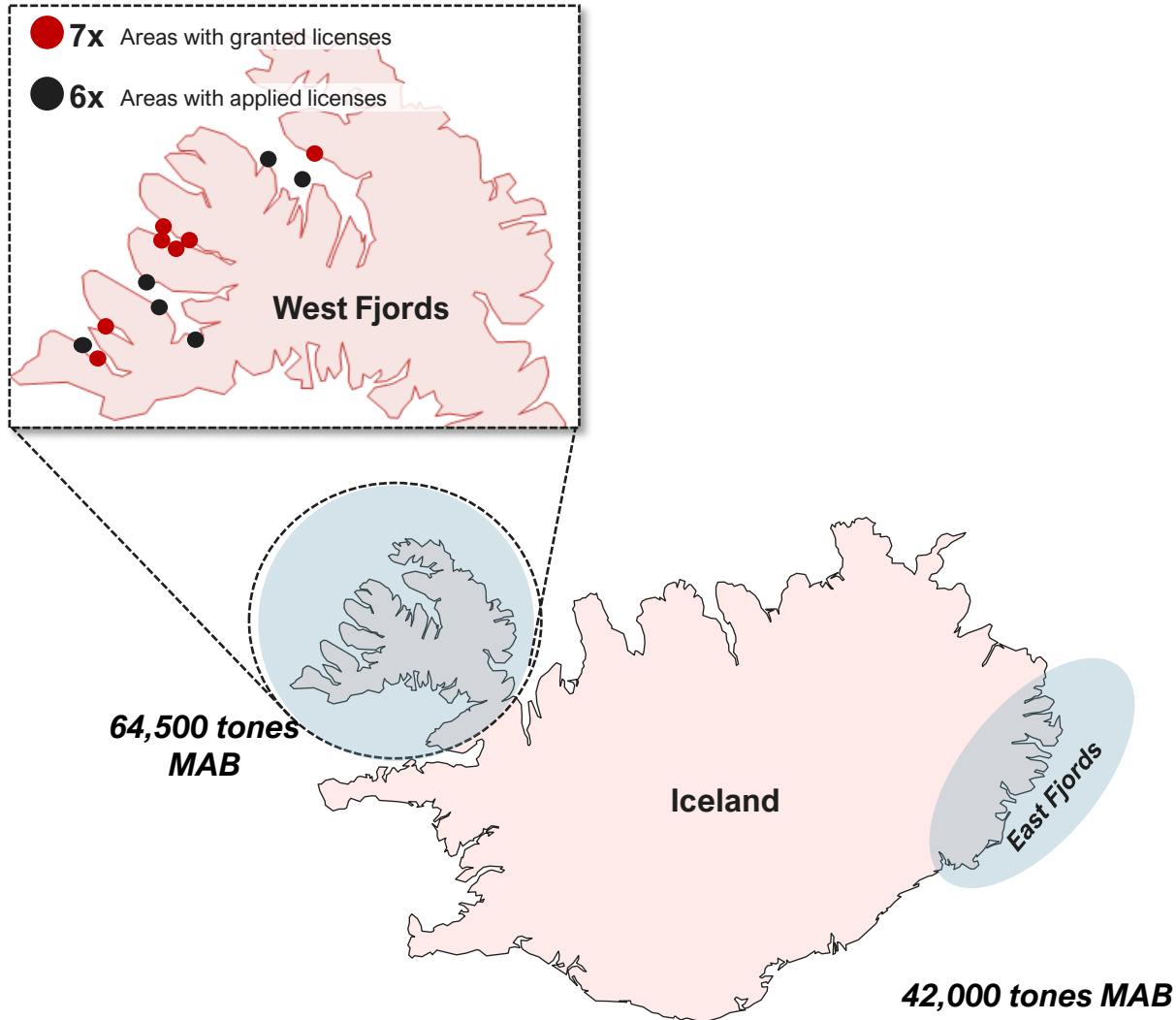
Harvest volumes forecast

In thousand tonnes, HOG



Seawater sites strategically located in all West Fjords fjords...

Sites located in all the fjords on the West Coast...



...with considerable sustainable growth expected



**17.8kt salmon licenses
and 5.3kt trout
licenses**



**7.4kt harvested
in 2020**



**All fish sold has been
ASC certified since
2016**



**Received organic
certification on smolt
and sea site**

Arctic Fish has ambitions to reach a market share of about 31% of existing licenses capacity in Iceland. This is based on current licenses and applications.

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

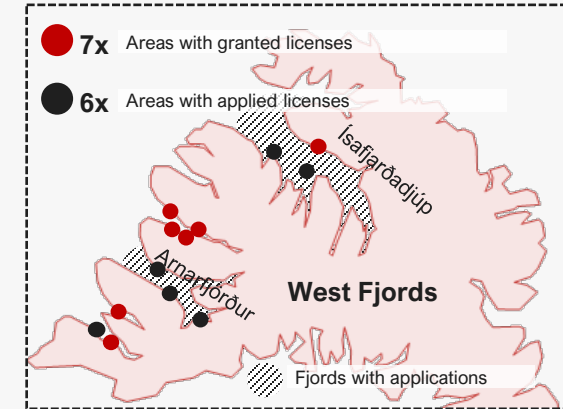
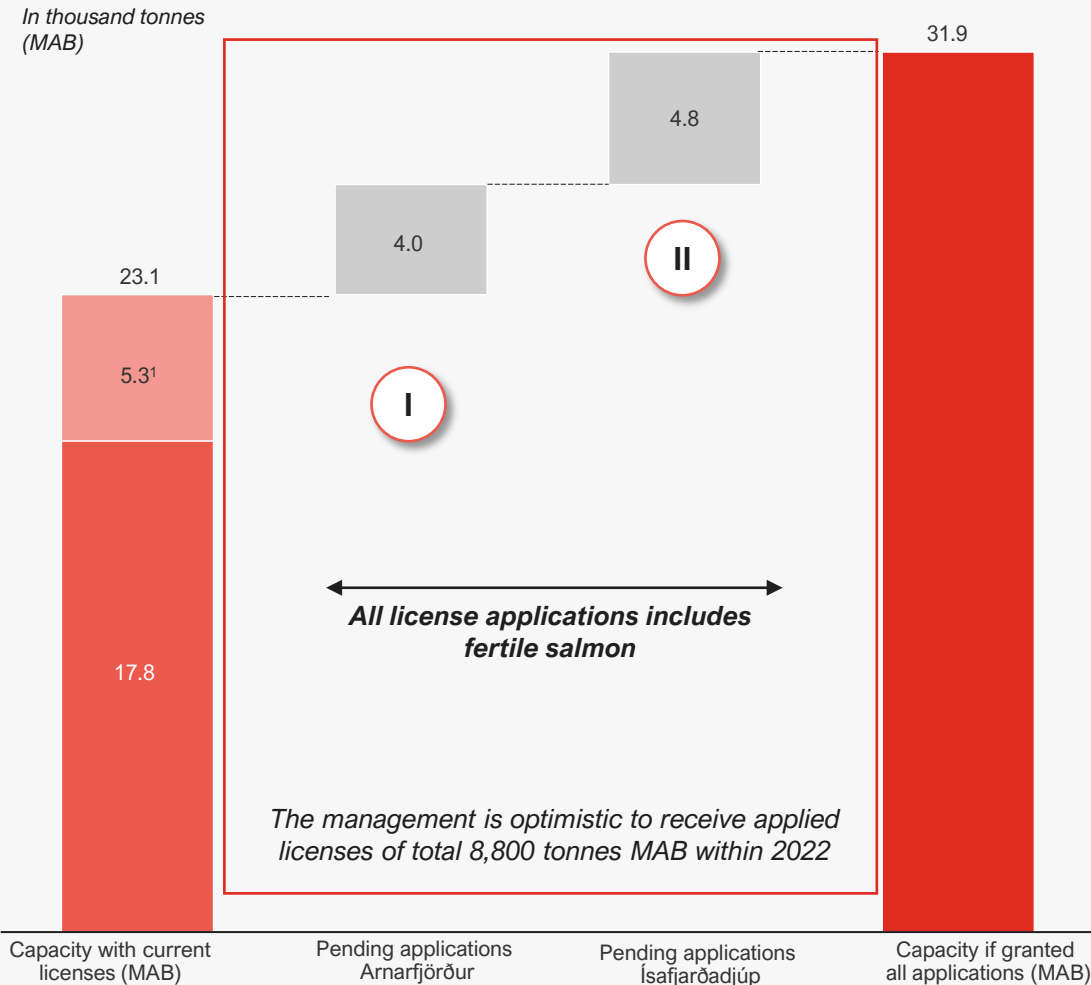
Arctic Fish strives to use non-medical methods to battle sea and fish lice

- ✓ **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:** Extended benthic monitoring and parasiticide residue levels is carried out



Farming and license portfolio

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



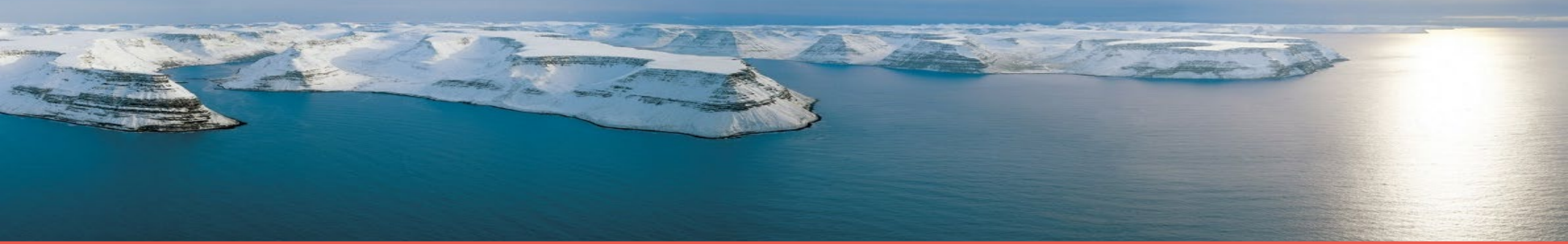
I

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 Isafjarðardjúp – 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

¹ Existing trout licenses of 5,300 tonnes (Isafjarðardjúp) in process to be converted to salmon licenses during 2021



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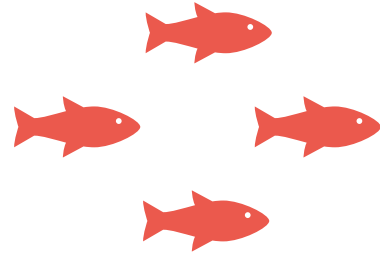
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Outlook for the Icelandic salmon industry

Considerable growth for Arctic Fish is expected

1

Increased smolt capacity



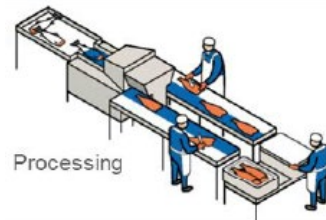
- In 2020 the Company released ~2.9m smolt with more than 8.9m smolt released since 2017
- With the planned expansion, the smolt capacity will be ~1,000 tones ~ 5 million smolt at ~200 grams
- Existing smolt production can facilitate 17.5kt HOG salmon production volume with planned expansion increasing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



In advanced detail planning phase for construction.

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



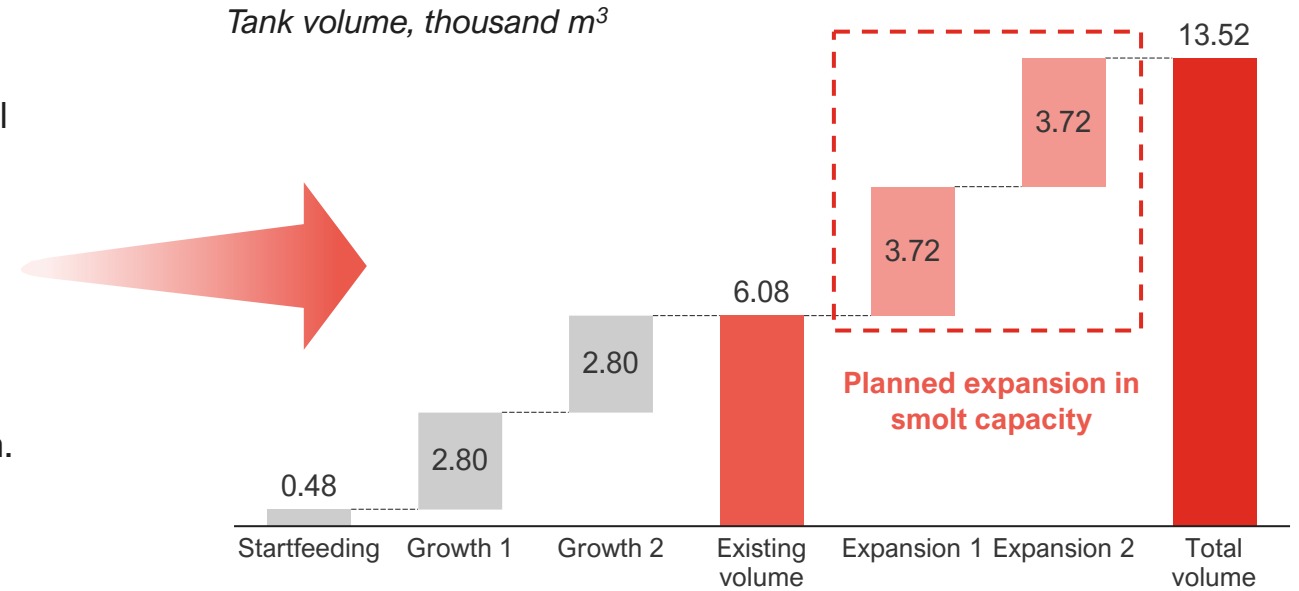
On going process regarding future solution and setup

Aggressive smolt expansion plan

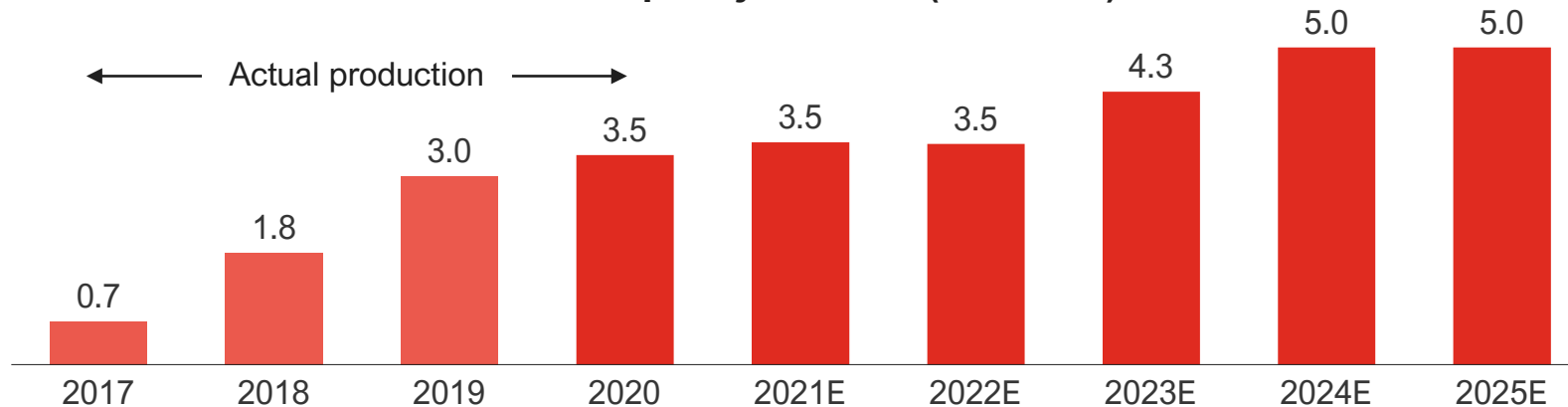
Commentary

- 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 be around 21-24 EURm
- Aiming to get fish in first half in Q2 2023 to support the growth plan.

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



Smolt capacity forecast (in million)





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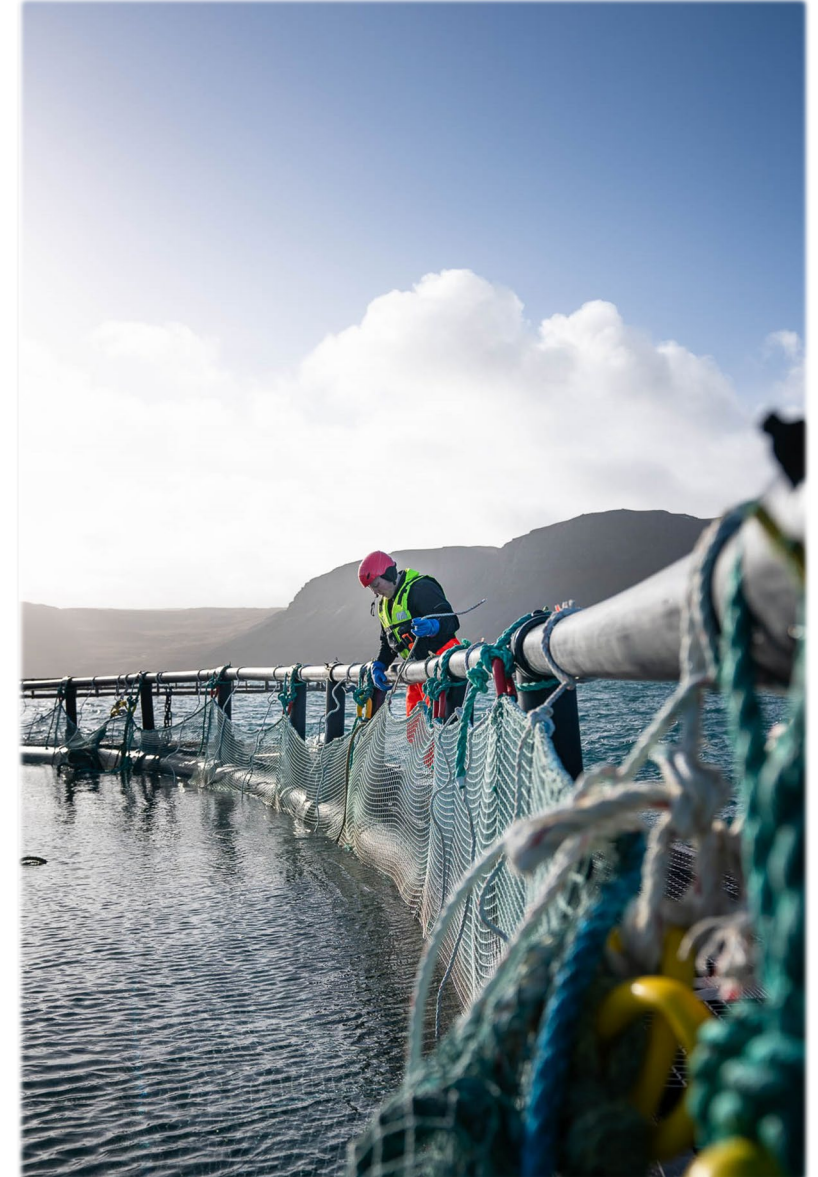
Highlights Q1 2021

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Outlook for the Icelandic salmon industry

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 for output spring 2022
- Received new licences of 10.000 tones MAB which is an extension of 6.000 tonnes on an existing 4.000 tonnes license

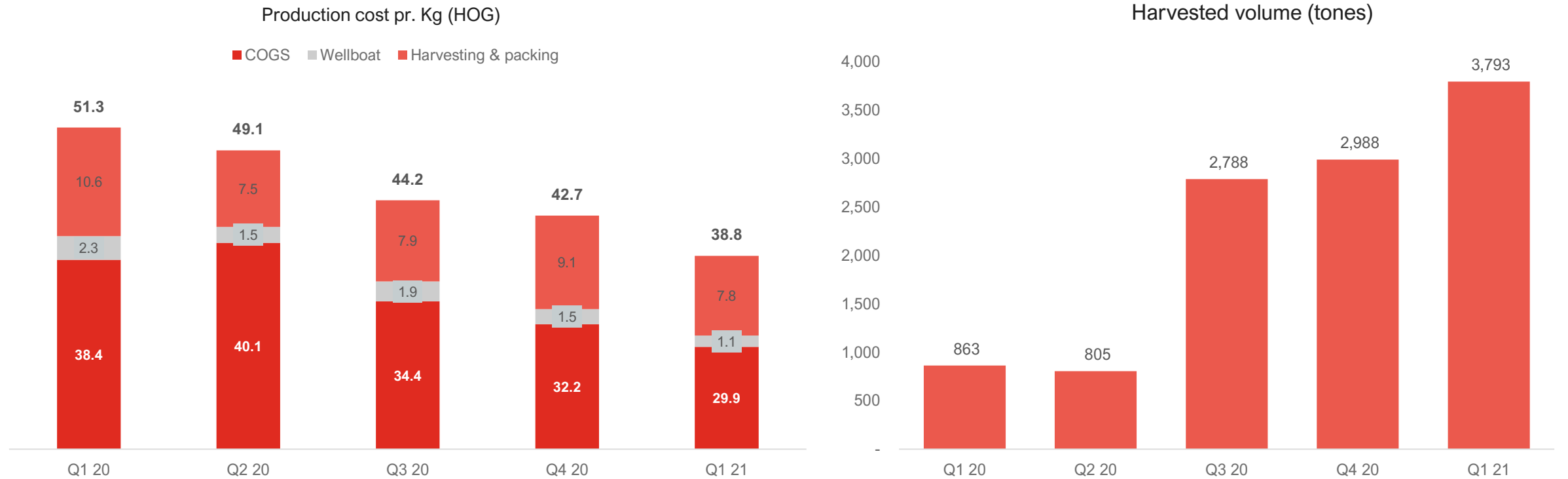


Financial Highlights in Q1 2021

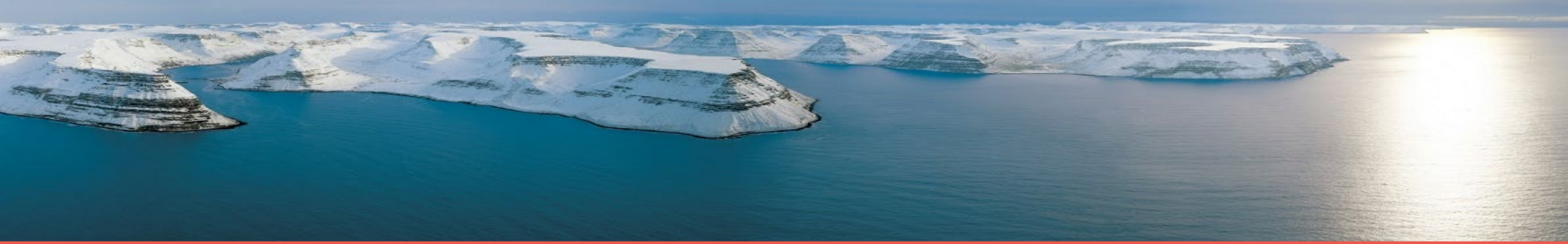
KEY FIGURES		
	Q1	Q1
(NOK '000)	2021	2020
Operating revenue	168.843	64.172
Operational EBITDA	28.190	26.048
Operational EBIT	17.800	16.903
EBIT	56.439	16.903
Earnings before tax (EBT)	73.721	8.296
Earnings per share (NOK)	2,31	0,26
Net profit/loss	73.721	8.297
Volume harvested	3.793	863
Operational EBIT 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%

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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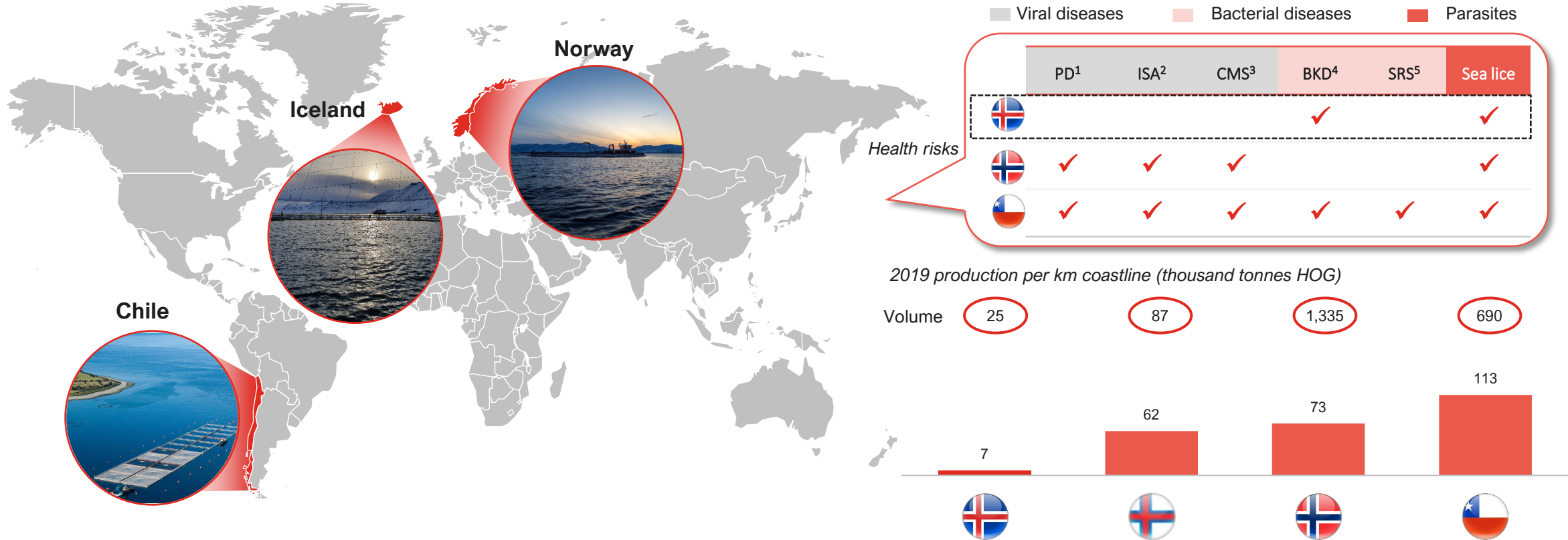
Highlights Q1 2021

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Outlook for the Icelandic salmon industry

Iceland offers favourable conditions for salmon farming

Less prone to infectious diseases and low farming density

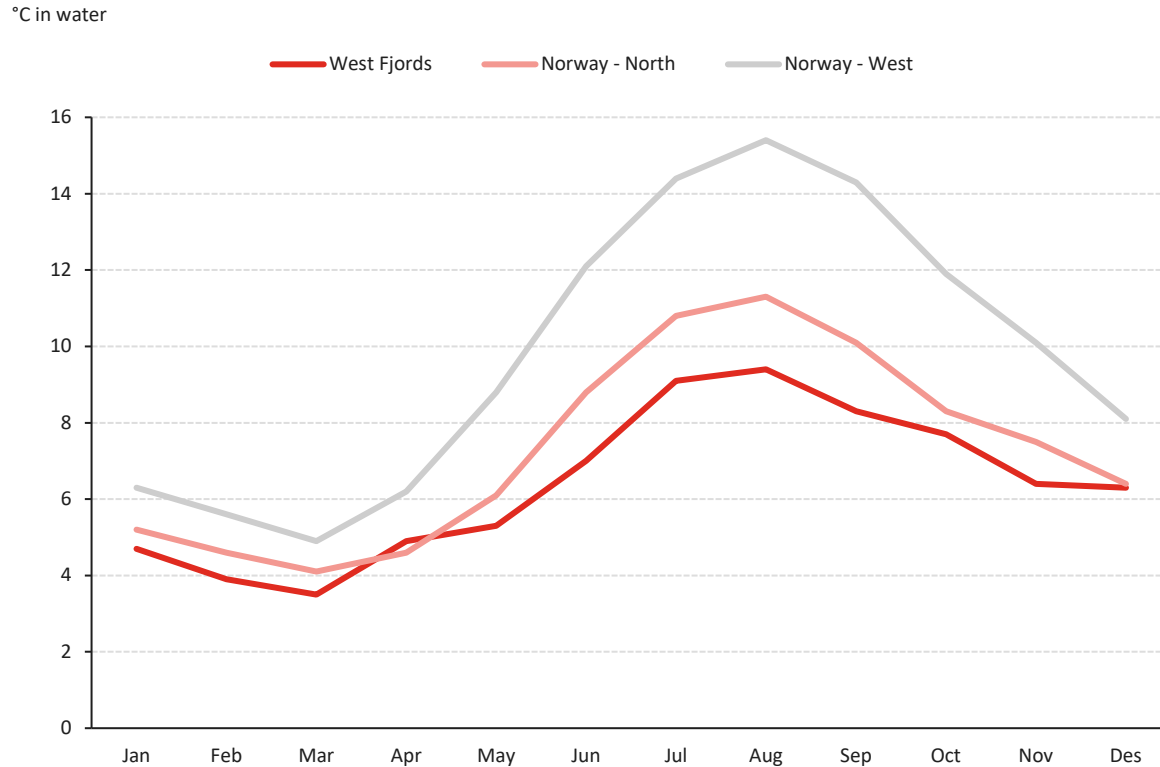


- Due to Icelandic hydrographic conditions, fish may be kept at sea for longer time periods without risking biological problems. This not only increases the potential price per kg, but also reduces slaughtering cost and waste product
- Another consequence of the climate is the cold water that acts as 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

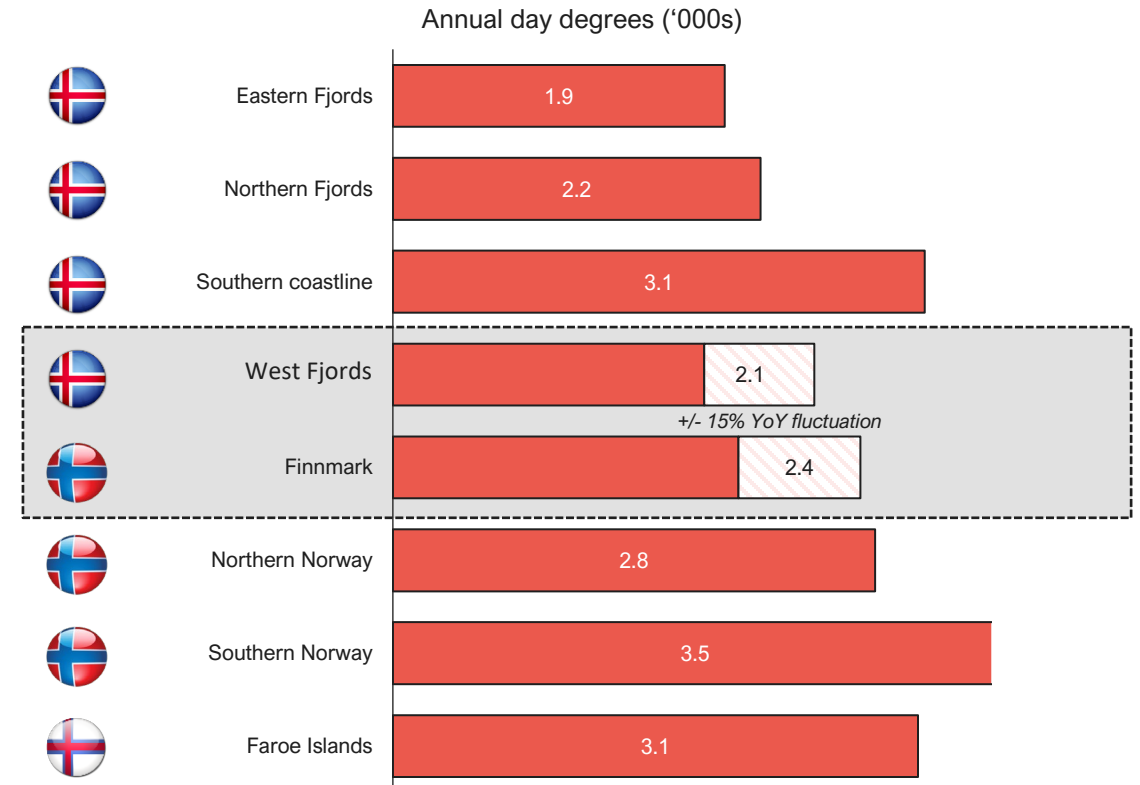
Source: Kontali, Salmon Watch Ireland – «Fish farm disease an increasing problem», Intrafish Business Intelligence: “The Secret Lives of Sea Lice”, and “The Salmon Farming Industry’s Biggest Problems”
¹ Pancreas Disease, ²Infectious Salmon Anaemia, ³Cardiomyopathy Syndrome, ⁴Bacterial Kidney Disease, ⁵Salmonid Rickettsial Septicaemia

Iceland has farming conditions similar to Northern Norway

Avg. seawater temperatures¹



Day degrees



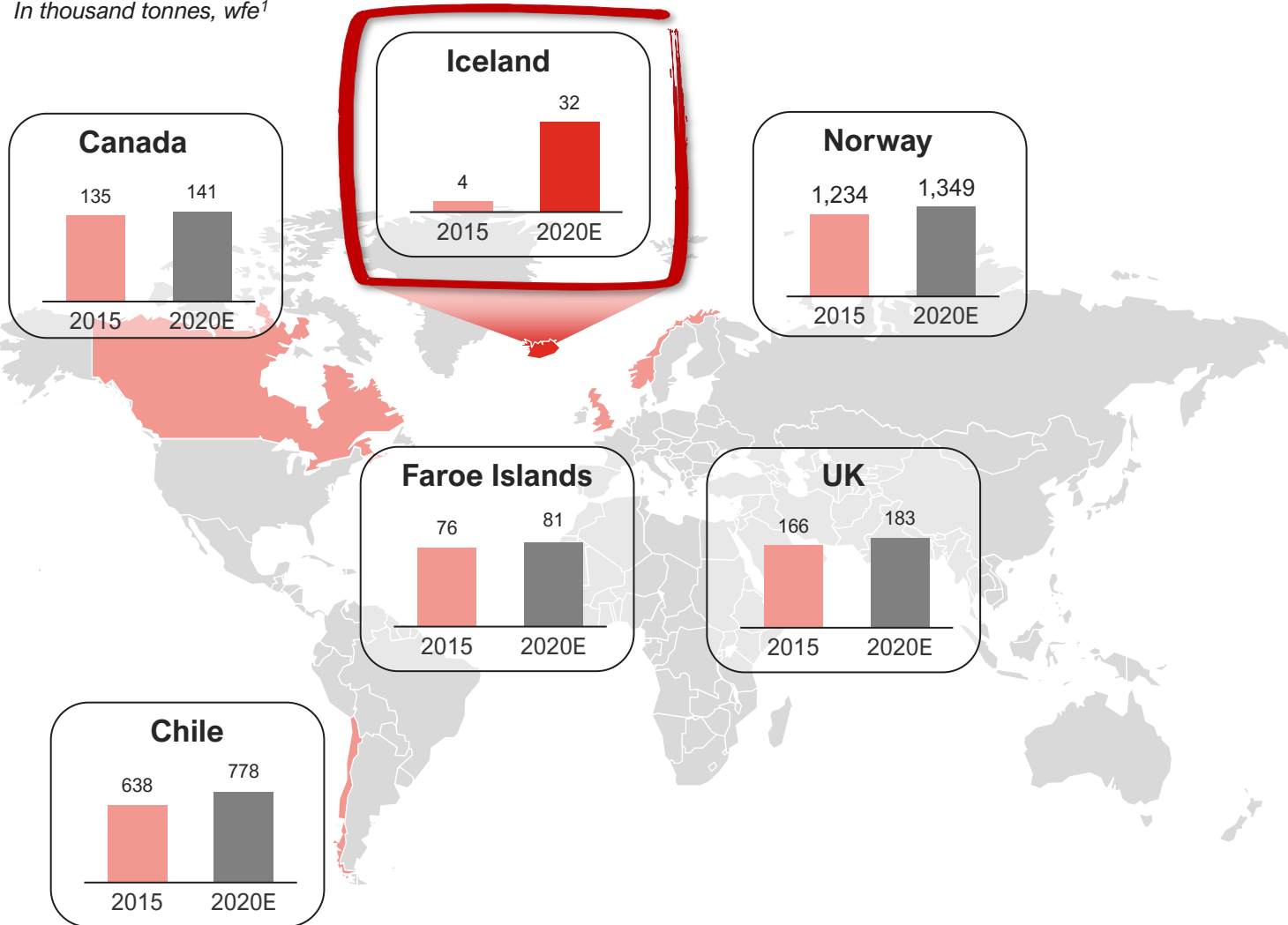
- The West Fjords have low temperatures from November to March/April and medium temperatures during summer
- Lower seawater temperatures compared to Northern Norway throughout the year, except in April
- Iceland provide beneficial conditions, with annual day degrees below the comparable Finnmark region in Northern Norway

Source: seawatertemperatures.org (16.11.20), University of Akureyri, Marko Partners
¹Tromsø is used for "Norway – North", Bergen for "Norway – West", and Ísafjörður for "West Fjords"

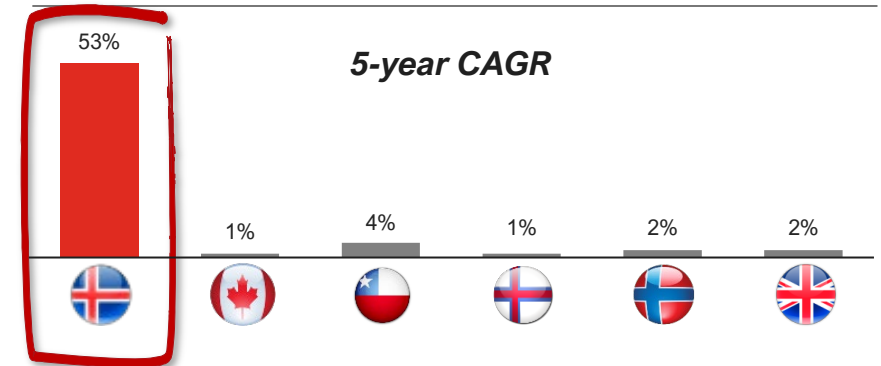
Iceland is positioned as the fastest growing farming country in the world – 2015-2020E CAGR of +50%

Icelandic salmon farming production

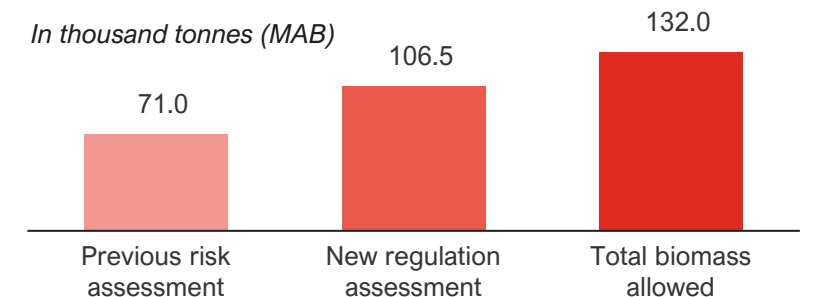
In thousand tonnes, wfe¹



Fastest growing salmon region



- Iceland is set to continue driving growth in the attractive Icelandic salmon farming market
- With a 2015-2020E CAGR of 53% compared to other main salmon farming regions' CAGR of 1-4%, Iceland is by far the fastest growing salmon region
- Other salmon farming countries have seen lower supply growth due to i.a. stricter regulatory initiatives/requirements
- Iceland has a favorable regulatory framework with currently a total biomass allowed at 106,500 tonnes and potential to increase to 132,000 tonnes



Source: Kontali

Note: 2020E salmon farming production not including license auction in Norway, August 2020

¹ Whole Fish Equivalent ("WFE")



ArcticFish