



# Arctic Fish

Investor presentation

11 February 2021

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# Summary of risk factors (I/III)

## RISK RELATING TO THE GROUP'S BUSINESS AND THE INDUSTRY IN WHICH IT OPERATES

- A short-term or long-term decline in the price for the Group's products could have a material adverse effect on its revenue, and thereby affect its overall operational result, financial position or ability for future development.
- A significant portion of the Group's products are exported out of Iceland, and limitations on its ability to sell its products to certain countries, increased customs or other taxes or other trade barriers could adversely affect its operating result and future prospects.
- Overcapacity, consolidation and increased competition and price pressure in the farmed salmon market could have a material adverse effect on the Group's business and economy.
- Certain costs are, and may continue to be, higher in Iceland and increased prices for raw materials and supplies in combination with lower obtainable prices for the Group's products will result in a lower operating profit for the Group.
- The Group's operations are to a large extent dependent on highly qualified personnel and management and the loss of key personnel or the inability to attract and retain such personnel could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.
- The Group operates within an industry where use of technology is becoming increasingly important and if the Group is unable to implement new technology, its operations, as well as competitiveness, could be adversely affected.
- The aquaculture industry is highly politically influenced and political decisions in Iceland, as well as influence from other countries such as Norway, the UK and the European Union may influence the regulation of the industry and consequently the Group's operations and profitability.
- The Group's operations are subject to several biological and environmental risks that may have a material adverse effect on the Group's business, operating result, financial condition and/or prospects.
- Food safety issues and perceived health concerns may have a negative impact on the reputation of and demand for the products and services of the Group.
- A certain risk of sabotage cannot be ruled out and may have a material adverse effect on the business, financial condition, results of operations or cash flow of the Group.
- Intensive farming methods may cause production-related disorders which may have a material adverse effect on the Group's business, financial condition, operating result, cash flow and/or prospects.
- The Group's farming operations, especially at sea, may be affected by disruptions, with the possibility of it disrupting normal business operations, causing damage to assets or cause severe disruptions to the Group's supply chain.
- Incidents of fish escapes could result in substantial loss of biomass and repair costs, in addition to negative publicity and penalties or other sanctions from governmental authorities, which again could affect the licenses held by the Group.
- Unexpected warm or cold temperatures and severe weather conditions could lead to unexpected losses at facilities and can have a significant negative impact on growth rates and feed consumption.
- A higher mortality rate during transport could have a severe effect on the Group's business.
- The Group may suffer incidents relating to fish mortality in relation to its smolt production on land, which may result in a substantial loss of biomass and consequently have a material adverse effect on the Group's business, operating result, financial position and/or prospects.



# Summary of risk factors (II/III)

## **RISK RELATING TO THE GROUP'S BUSINESS AND THE INDUSTRY IN WHICH IT OPERATES (cont.)**

- The Group's activities are dependent upon licenses and permits from the Icelandic regulators, which may be revoked or not renewed, or pending licence applications may not be granted, which in turn may negatively impact the financial prospects of the Group.
- The Group's business and results of operations may be adversely affected by the recent COVID-19 outbreak or other similar outbreaks.
- The Group is reliant on a single source third party for its processing of fish, distribution and supply of eggs, with inherent single source supplier risks.
- Prolonged disruption to the supply of processing activities from a third party, regardless of cause, may result in contamination of fish and thereby production losses, liability claims from customers, or logistical challenges and delays in delivery of products to customers thus reducing shelf life.
- Feed costs account for a significant portion of the Group's total production costs, and an increase in feed prices could have a major impact on the Group's profitability, as the Group may not be able to pass increased feed costs to its customers.
- The Group's operations depend on the production and quality of fish smolt, and poor quality or small smolt may cause slow growth, reduced health, increased mortality, deformities, or inferior end products which could have a material adverse effect on the Group's business, results of operation, financial condition, cash flow and/or prospects.
- Negative publicity related to the Group and/or its customers could, regardless of its truthfulness, adversely affect its reputation and goodwill, which in turn could have a material adverse effect on the Group.
- The Group may be more vulnerable to economic, political, regulatory, environmental or other developments than a company that holds a more diversified portfolio of assets would.

## **RISKS RELATED TO LAWS AND REGULATIONS**

- A new Icelandic levy for fish farming and a fish farming fund being implemented incrementally from 2020, and the development of this levy, and other industry specific taxes and fees that may be imposed by the Icelandic government, may have an adverse effect on the Group's profitability.
- The Group's activities are subject to environmental requirements which are becoming increasingly stringent – and the costs of compliance, including penalties if the Group fails to comply are expected to increase.
- Authorities may introduce further law, regulations or standards in relation to the operation of aquaculture facilities which may negatively impact the Group directly or through its customers.
- If the Group fails to meet new and existing customer requirements, or contamination or other food safety issues related to the Group's products occur, it may expose the Group to product recalls, liability claims and/or reputational damage.
- The Group may from time to time be involved in, and exposed to, litigation matters, claims and other disputes, which outcome could have a material adverse effect on the Group due to negative outcomes, the costs associated with defending lawsuits, the diversion of the Group's management's resources and other factors.
- The Group's business is affected by laws and regulations in the geographical areas in which the Group operates, and the Group may be exposed to political and other uncertainties, including risks of import-export quotas, wage and price controls and the imposition of trade sanctions, embargoes and other trade barriers.
- The Group's products and services could infringe upon third-party intellectual property rights or the Group may not be able to protect its intellectual property rights, and may result in significant costs, time and focus in defending and resolving such claims.

# Summary of risk factors (III/III)

## FINANCIAL RISKS

- Factors affecting the exchange rate between NOK and EUR may have adverse effects on the obtainable price for the Group's products, and ultimately result in lower profitability for the Group.
- The Group may experience non-payment, loss on receivables and/or loss of sales due to non-payments from its customers, which may also lead to additional expenses in order to successfully redistribute its goods or be required to sell its products at lower prices to ensure that any such unpaid products are sold.
- The Group is primarily financed by loans and credit lines from Arion Bank and DNB Bank ASA. The agreements with Arion Bank and DNB Bank ASA contain various financial covenants and undertakings – and the Group's ability to comply with these may be impacted by events beyond its control. Upon an event of default, the lenders may elect to declare all amounts outstanding to be immediately due and payable or proceed against the assets the Group provided as collateral – which would have an immediate adverse effect on the Group's business and operating results.

## RISKS RELATED TO THE SHARES AND THE ADMISSION TO TRADING

- An active trading market on Euronext Growth Oslo may not develop and the Shares may be difficult to sell in the secondary market.
- Norway Royal Salmon ASA is the largest shareholder of the Company and has significant voting power and the ability to influence matters requiring shareholder approval.
- The Company will incur increased costs as a result of being listed on Euronext Growth Oslo, including additional legal, accounting and other expenses in order to ensure compliance with reporting and disclosure requirements and other application rules and regulations.
- An investment in the Shares involves risk of loss of capital, and securities markets in general have been volatile in the past.
- Future issuances of Shares or other securities could dilute the holdings of shareholders and could materially affect the trading price of the Shares.
- The Company will incur increased costs as a result of financial reporting and other public company requirements.
- Shareholders may not be able to exercise their voting rights for Shares registered on a nominee account.
- All of the Company's shares will be priced in Norwegian Kroner (NOK) and shareholders outside of Norway are subject to exchange rate risk.



## Agenda

1

Introduction

2

Investment highlights

3

Financials

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Appendix

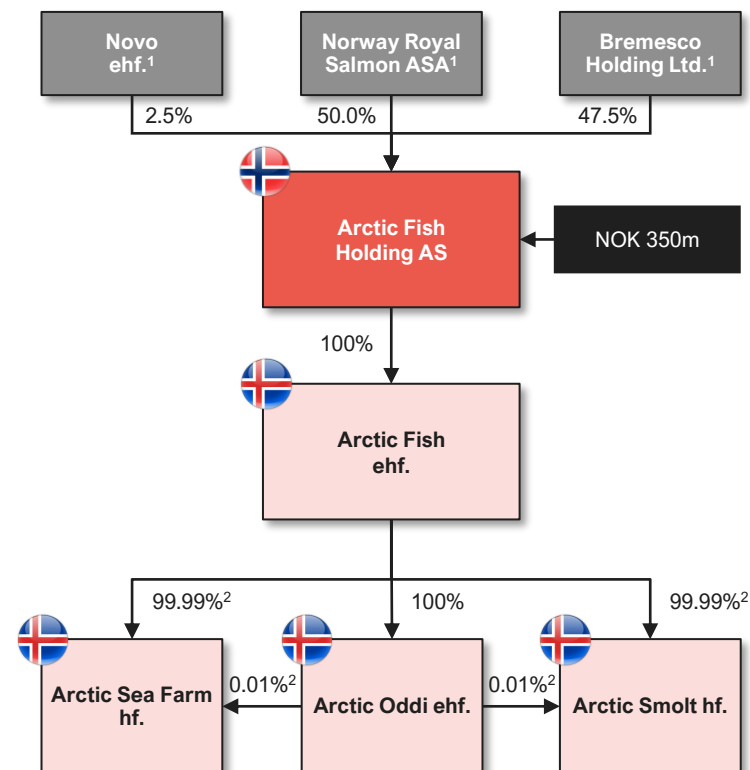


# Transaction background & summary

## Transaction summary

Issuer	<ul style="list-style-type: none"> <li>Arctic Fish Holding AS (the "<b>Company</b>", together with its consolidated subsidiaries, the "<b>Group</b>" or "<b>Arctic Fish</b>").</li> </ul>
Pre-money share capital	<ul style="list-style-type: none"> <li><b>Pre-Money Equity Value:</b> NOK 1,601 million (based on the Offer Price).</li> <li><b>Offer Price:</b> NOK 61.20 per Offer Share.</li> </ul>
Offer size	<ul style="list-style-type: none"> <li><b>Primary Offering:</b> 5,718,954 new shares from the Company which will raise gross proceeds of NOK 350 million.</li> <li><b>Secondary Offering:</b> 3,267,973 existing shares sold by Bremesco Holding Ltd. which is equivalent to NOK 200 million.</li> <li><b>Over-allotment option:</b> Up to 816,993 existing shares facilitated by Bremesco Holding Ltd. which is equivalent to approx. 9% of the Primary and Secondary Offering / NOK 50 million.</li> <li><b>Total:</b> Up to 9,803,920 shares (the "Offer Shares") which is equivalent to NOK 600 million.</li> </ul>
Pre-commitments	<ul style="list-style-type: none"> <li>Two existing shareholders have pre-committed to subscribe for Offer Shares for a total amount of NOK 245 million distributed as follows: NOK 200 million from NRS / NOK 45 million from Novo.</li> <li>Neil Shiran Thorisson, Chief Financial Officer in the Company, has pre-committed to subscribe for Offer shares for a total amount of NOK 41 million.</li> <li>In addition, certain other members of the management and board in Arctic Fish have collectively pre-committed to subscribe for Offer Shares for an amount equal to NOK 4.6 million.</li> </ul>
Cornerstone investors	<ul style="list-style-type: none"> <li>Four cornerstone investors have, subject to certain customary terms and conditions, undertaken to subscribe for, and will be allocated Offer Shares for a total amount of NOK 97 million distributed as follows: NOK 50 million from Nordea Asset Management / NOK 28 million from Birta Pension Fund / NOK 15 million from Vestmannaeyja Pension Fund / NOK 4 million from Vörður tryggingar.</li> </ul>
Use of proceeds	<ul style="list-style-type: none"> <li>The net proceeds to the Company from the Primary Offering will mainly be used to fund growth and develop the Company's value chain within existing license portfolio, including investment in the expansion of smolt capacity, farming equipment, biomass build-up, processing initiatives, to increase the value chain capacity in the expectation of receiving additional license capacity and for general corporate purposes.</li> </ul>
Listing	<ul style="list-style-type: none"> <li>The Company has applied for a listing of its shares on the Euronext Growth Oslo, a multilateral trading facility (MTF) operated by Oslo Stock Exchange, in connection with the transaction.</li> </ul>
Application period	<ul style="list-style-type: none"> <li>From 11 February 2021 at 09:00 CET to 12 February 2021 at 16:30 CET (subject to change).</li> </ul>
Managers	<ul style="list-style-type: none"> <li><b>Joint Global Coordinators and Joint Bookrunners:</b> DNB Markets and Pareto Securities.</li> <li><b>Co-Manager:</b> Arion Banki.</li> </ul>

## Corporate structure



# Presenting team

**Stein Ove Tveiten** – Chief Executive Officer



- CEO in Arctic Fish since 2017
- Stein Ove has extensive experience within aquaculture, with prior work-experience as CEO of NRS Feøy and as production and site manager for Lingalaks for almost 9 years
- Candidate (B.Sc.) degree in Aquaculture and a degree in Business Management. Background from management positions in Norway



LINGA  
LAKS



**Neil Shiran Thorisson** – Chief Financial Officer



- CFO in Arctic Fish since 2015
- Background in management, financing and development projects with prior experience as former CEO of the Westfjords Economic Development Agency and CEO of Hvetjandi a regional investment fund in development
- PGD<sup>1</sup> in Economic management and policy, Msc. International Business, Bsc. Business Administration and Finance



hvetjandi

**Ola Loe** - Board Member



- Board member in Arctic Fish since 2016
- Currently the CFO in Norway Royal Salmon ASA
- Previous work experience as a senior manager at KPMG and as group auditor for Cermaq, Norway Pelagic, Mowi and Fjord Seafood
- Certified Public Accountant from NHH

MOWI<sup>®</sup> CERMAQ KPMG

# Arctic Fish at a glance

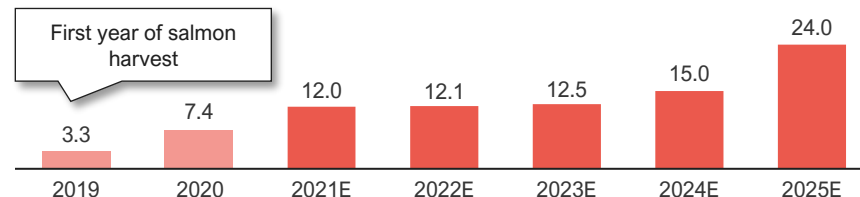


## Introduction to Arctic Fish

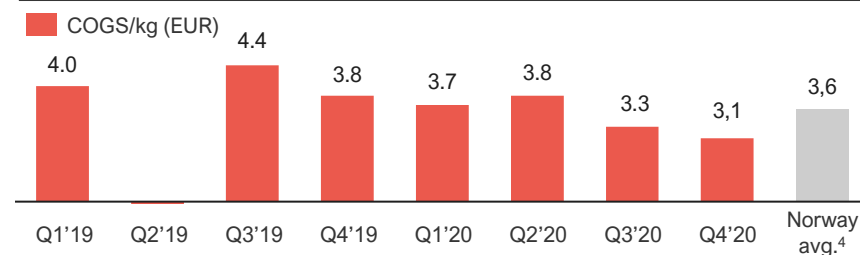
- Arctic Fish is one of the leading salmon farmers on Iceland, situated in the West Fjords with favourable conditions for fish farming – the Company was founded in 2011 by Novo ehf and has gradually positioned themselves as a pioneer in salmon farming
- The West Fjords is known for its pristine nature 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 is 50% owned by Norway Royal Salmon ASA ("NRS"), a leading Norwegian salmon farmer with current market cap of NOK 8.7bn<sup>2</sup> – the remaining is owned by Jerzy Malek, founder of Morpol and Milarex (47.5%), and the founders through Novo ehf (2.5%)
- 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 tonnes<sup>1</sup> 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 (expected in 2021)

## Harvest volume forecast

In thousand tonnes, HOG

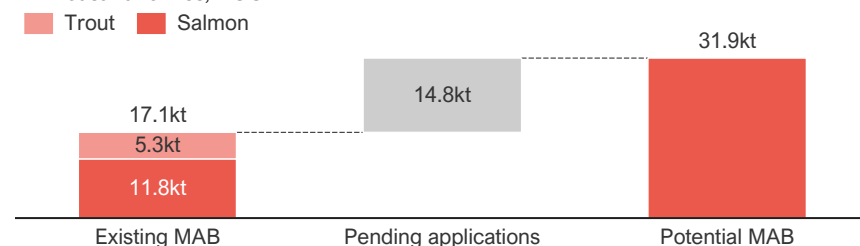


## Quarterly cost performance and cost/kg<sup>3</sup>



## Well positioned for further growth

In thousand tonnes, HOG



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

## Sources and uses of proceeds

NOKm	
Contemplated private placement	350
<b>Total sources</b>	<b>350</b>

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

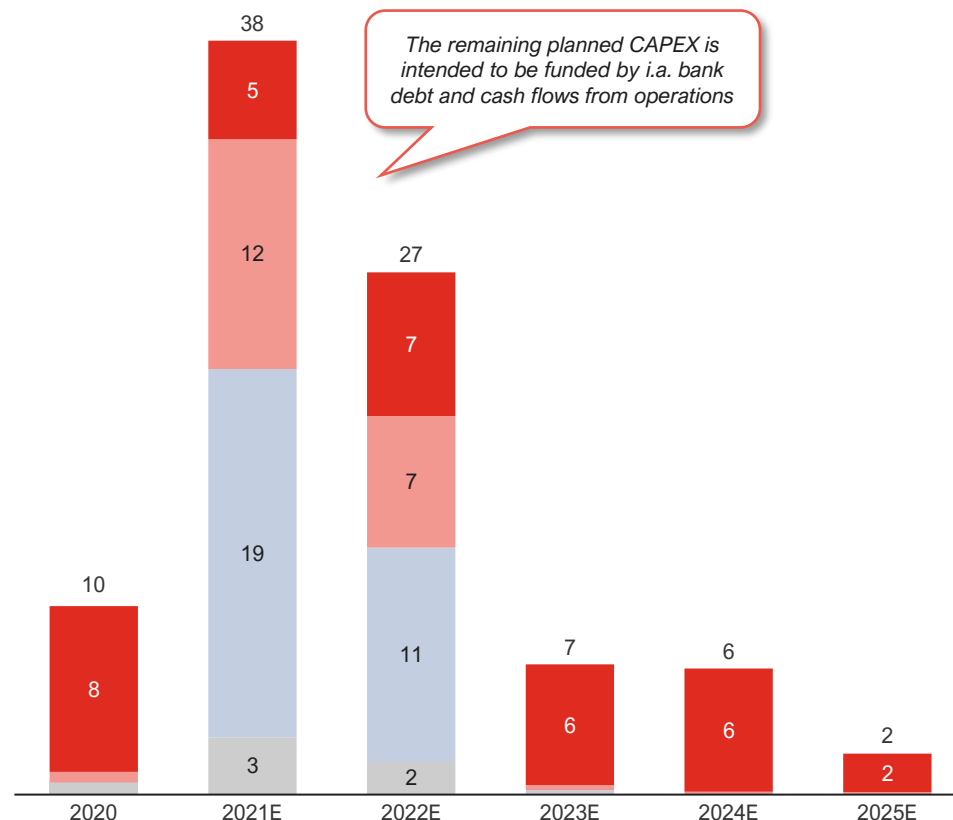
## Recently secured bank financing

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

## Planned capital expenditure going forward

Seawater Freshwater Processing, plant & other Miscellaneous

EURm



# Arctic Fish has a strategic and modern smolt facility, being the only RAS facility in Iceland with large-scale production capacity

## State-of-the-art smolt RAS facility



- 100% self-sufficient smolt capacity of super-smolt
- High-quality smolt ensures good biological performance in sea, ultimately visible in achieved cost levels and product quality

- Area secured for further expansion of the facility

## Smolt capacity of 3.5 million smolt

- Proven production capacity of ~500t of smolt (3.5m smolt at 143g)
- Access to natural water temperatures (6°C and 22°C)
- Hatching/start feeding capacity of 10-12 million per year

Company	Arctic Fish	Peer 1	Peer 2	Peer 3
Capacity	3.5m smolt	2.5'm smolt	2.5'm smolt	1.5m smolt
Technology	RAS	FTS	FTS	FTS

## One of the most sustainable hatcheries in the world



- The hatchery uses geothermal heating making the facility one of the most sustainable hatcheries in the world
- First of its kind in Iceland

## Dedicated crew with RAS know-how

- 16 employees working in the facility
- Experienced crew with RAS know-how from Norway and the Faroe Islands







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# Key investment highlights

1

Operating in Iceland – the fastest growing salmon farming country in the world




2

Well-invested platform with strategic smolt facility catering for harvest growth in the years to come



3

Attractive license portfolio with considerable growth potential within existing and pending applications



4

Among the leading on operational cost level in Iceland – approaching Norwegian levels



5

Strong sustainability profile and high product quality provides support of future price premium



6

Strong management team with extensive experience backed by industrial ownership





# Key investment highlights

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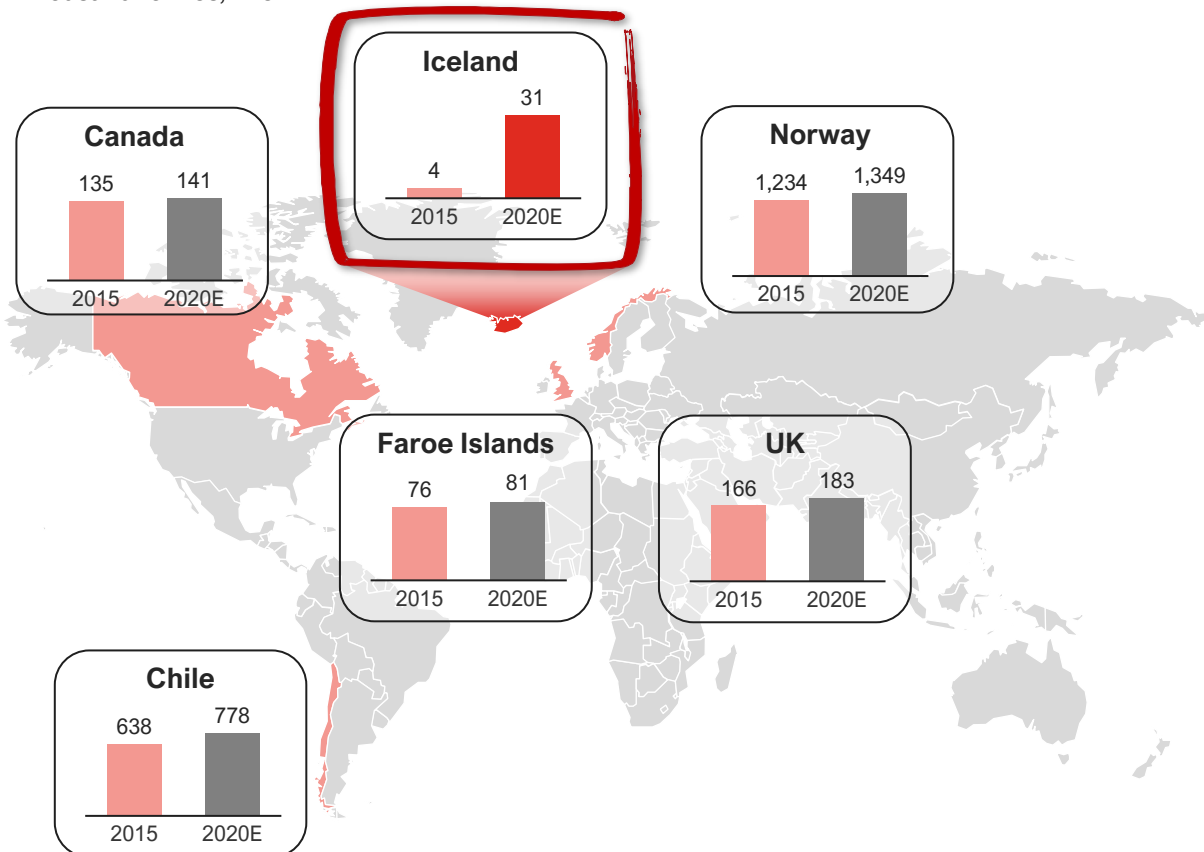
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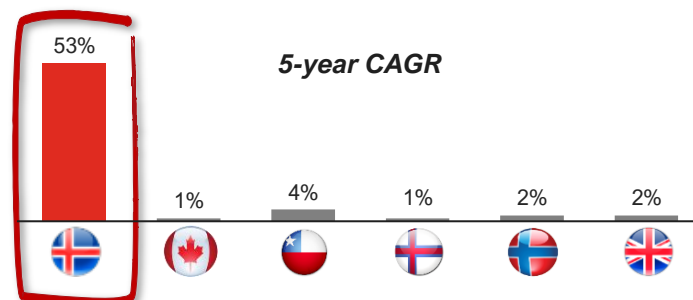
# Iceland is positioned as the fastest growing farming country in the world – 2015-2020E CAGR of +50%

## Icelandic salmon farming production

In thousand tonnes, wfe<sup>1</sup>

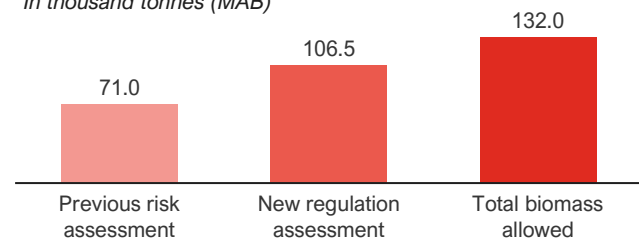


## Fastest growing salmon region



- 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

In thousand tonnes (MAB)



# Key investment highlights

1

Operating in Iceland – the fastest growing salmon farming country in the world




2

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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 (Táknafjörður)
- 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 will either be handled through a joint-venture or as a stand-alone project
- 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

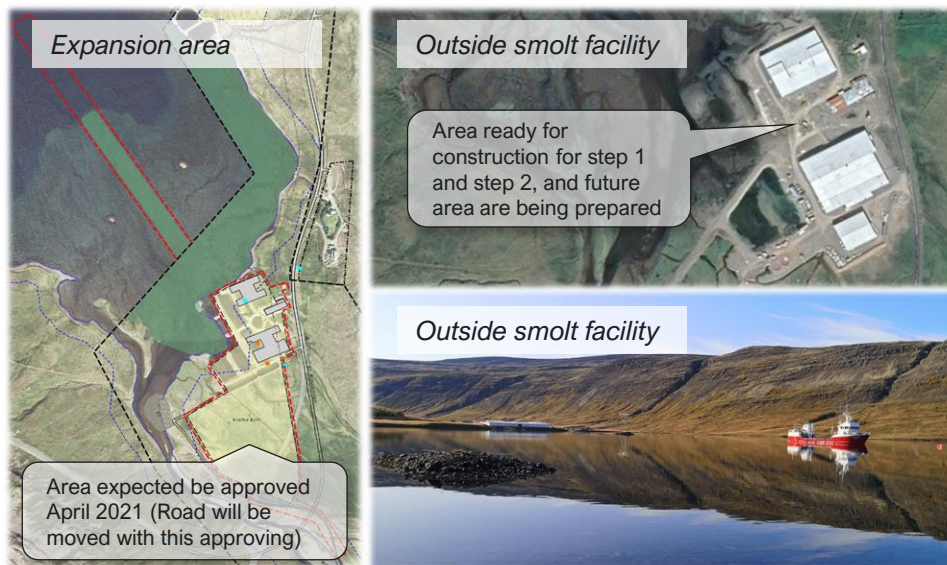
Freshwater (smolt)

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 km<sup>2</sup> 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



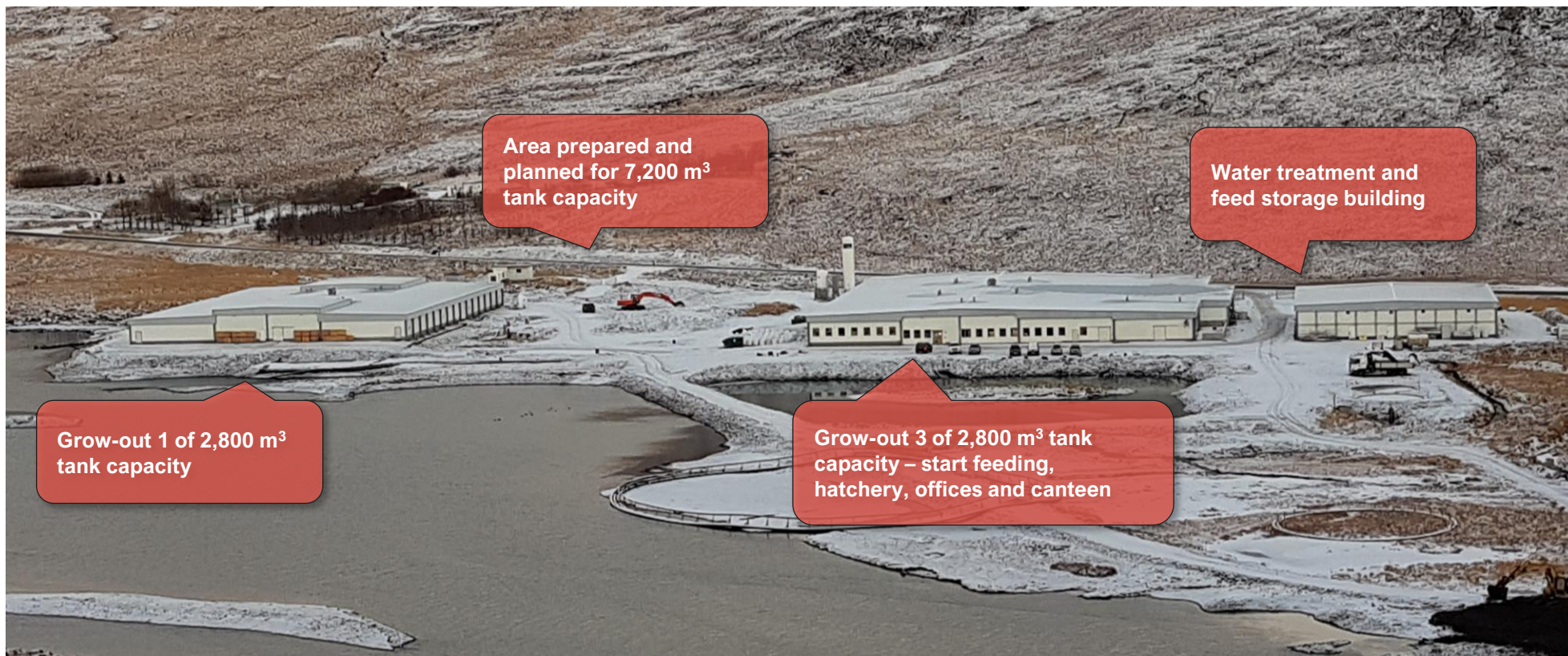
# Sizable area and favorable location close to the sea limiting need for transportation to seawater

Freshwater (smolt)

Seawater

Processing

Sales



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

Freshwater (smolt)

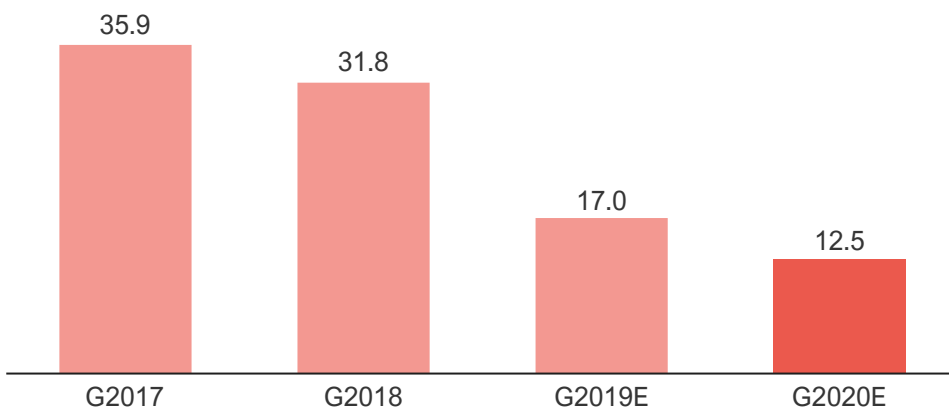
Seawater

Processing

Sales

## Mortality

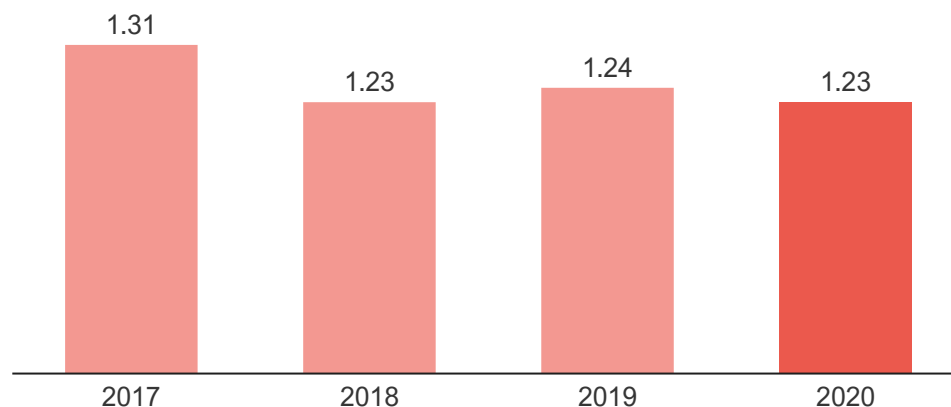
In % of total number



- 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
- Purchased smolt externally prior to 2018. No BKD<sup>1</sup> 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

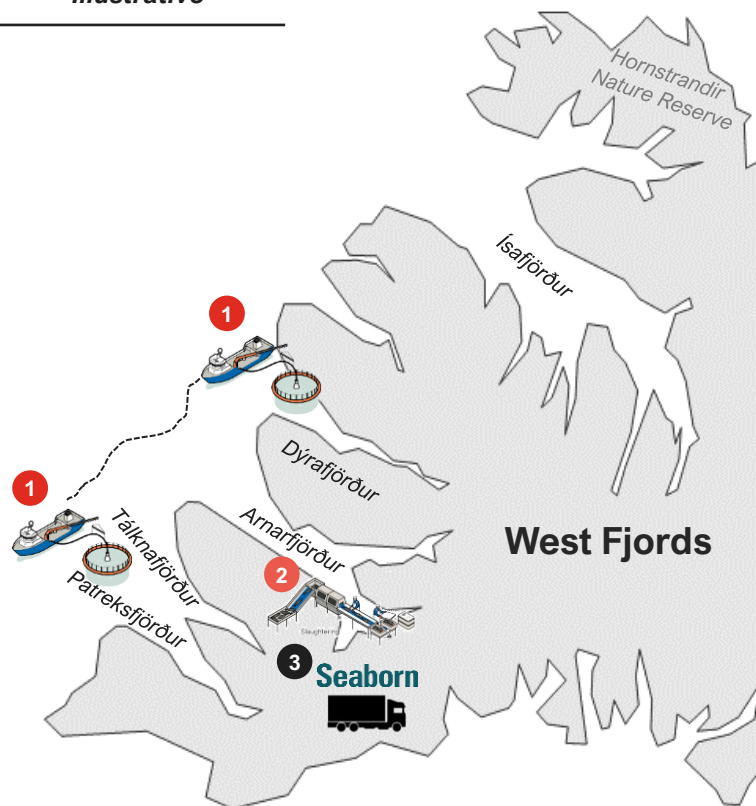
Freshwater (smolt)

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
- New modern harvesting solution is explored continuously



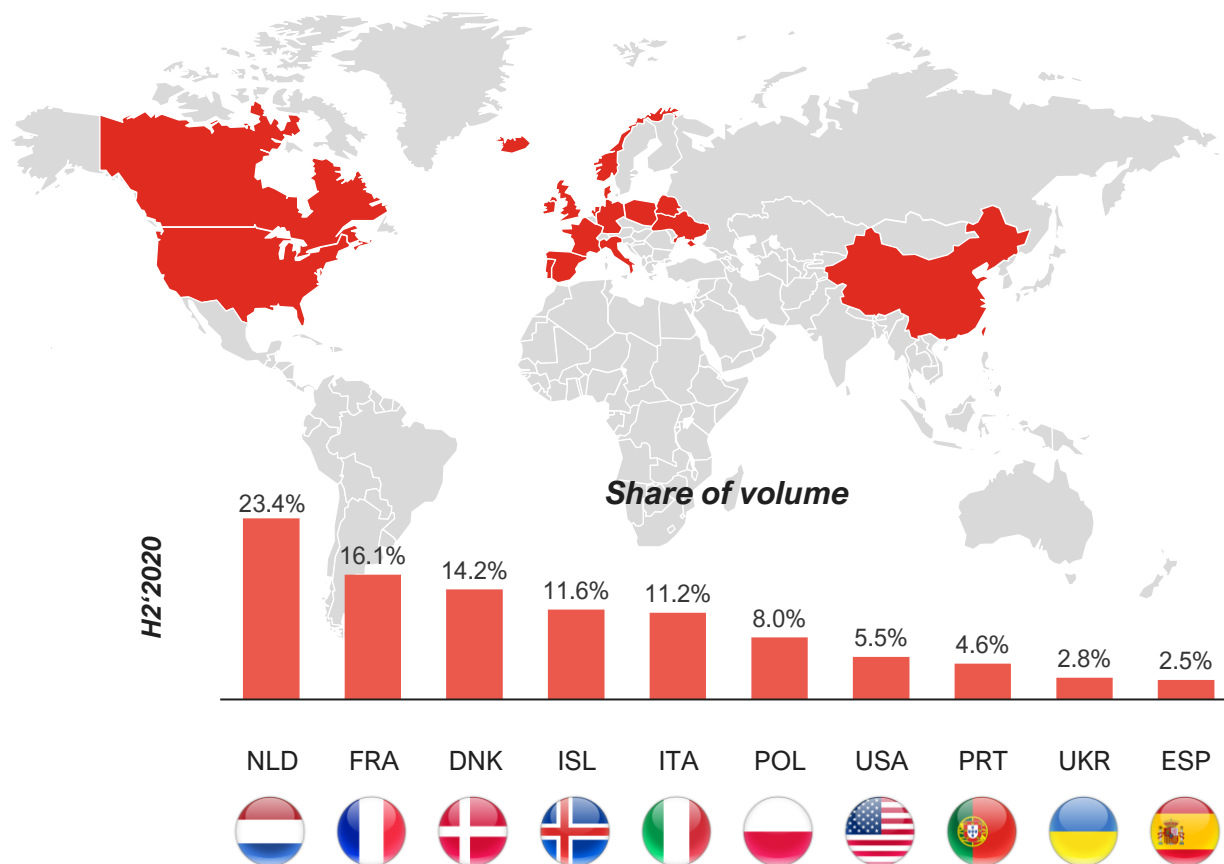
# Arctic Fish has a global footprint with sales in more than 15 countries in 2020

Freshwater (smolt)

Seawater

Processing

Sales



- All of 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. direct transportation to North-America using freight ships and increased use of cargo planes
- Majority of volumes are shipped to various European countries, with Netherlands accounting for ~23% of the share volume
- 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

# Key investment highlights

1

Operating in Iceland – the fastest growing salmon farming country in the world



2

Well-invested platform with strategic smolt facility catering for harvest growth in the years to come




3

Attractive license portfolio with considerable growth potential within existing and pending applications



4

Among the leading on operational cost level in Iceland – approaching Norwegian levels



5

Strong sustainability profile and high product quality provides support of future price premium



6

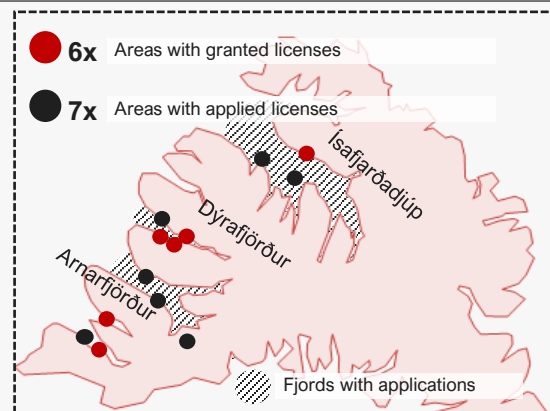
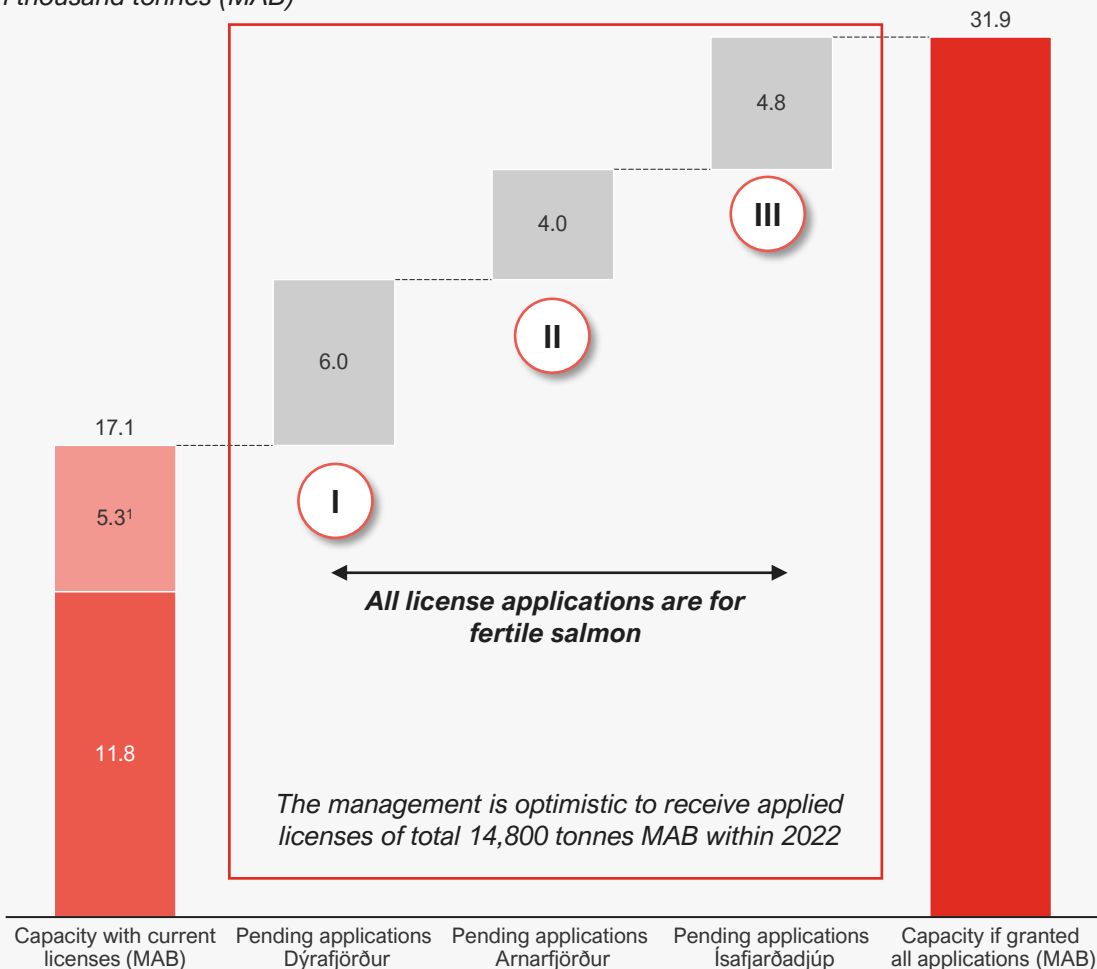
Strong management team with extensive experience backed by industrial ownership



# 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

# Key investment highlights

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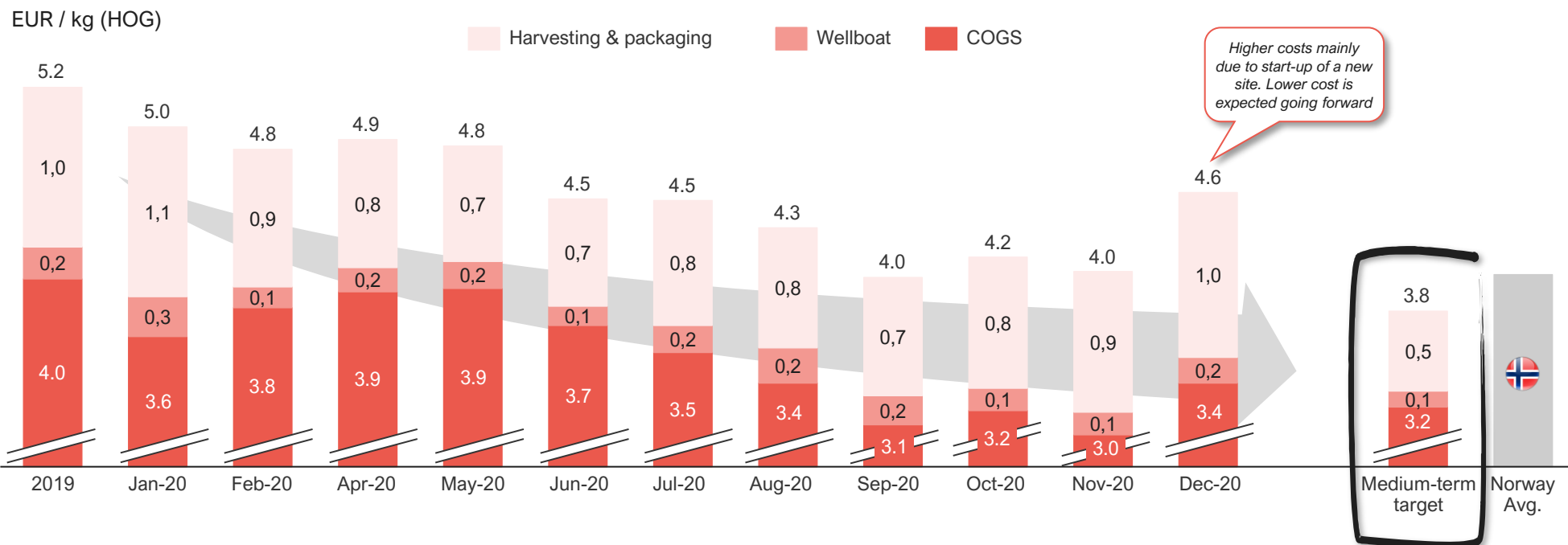
6

Strong management team with extensive experience backed by industrial ownership



# 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



# Key investment highlights

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# 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 energy<sup>1</sup>



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

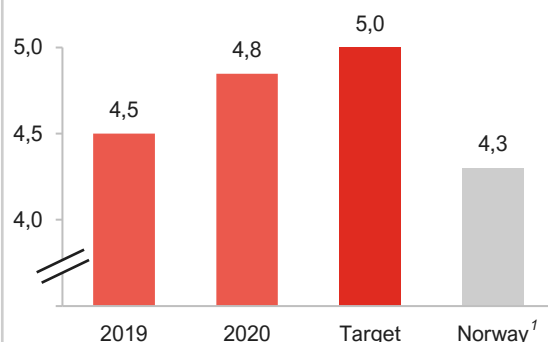
- ✓ **Area based management:** Strategically placed sites with alternating production cycles between fjords
- ✓ **Lumpfish:** By eating sea lice parasites off the salmon, high quality Icelandic lumpfish is an effective, preventive method
- ✓ **Environmental monitoring:** Benthic monitoring and parasiticide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

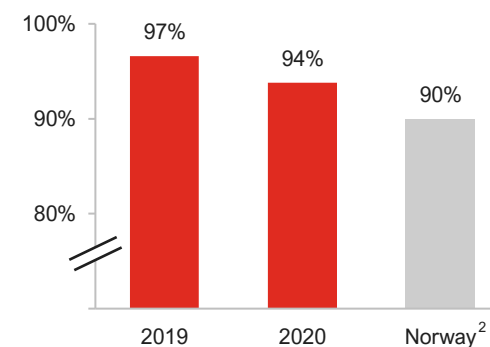


- +10% average price premium on 5-6kg salmon vs 3-4kg salmon<sup>1</sup>
- Arctic Fish delivers larger fish than average in Norway, with a target of 5.0 kg per fish
- Avg. harvest weight +5 kg since Sep-20. 5.7 kg in Nov-20

## 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*



# Product associated with high-quality, delicate coloring and happy customers

## Pictures of Arctic Fish Salmon



## Customer feedback



*Extremely happy with the shipment we received*

*Salmon was delicious. Good color, no issue with gaping*

*We are willing to pay a premium for this quality*

*The volume potential is significant*



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# Strong management team and a competent BoD with extensive relevant experience...

## Overview of the management team in Arctic Fish



**Stein Ove Tveiten**  
*Chief Executive Officer*

- CEO in Arctic Fish since 2017
- Extensive aquaculture experience as CEO of NRS Feøy and Site Manager for Lingalaks for almost 9 years
- Holds a B.Sc. in Aquaculture and a degree in Business Management



**Neil Shiran Thorisson**  
*Chief Executive Officer*

- CFO in Arctic Fish since 2015
- Background as CEO of WEDA<sup>1</sup> and CEO of Hvetjandi, a regional investment fund
- PGD in Economic management and policy, M.Sc. International Business, B.Sc. Business Administration and Finance



**Sigurdur Petursson**  
*Business Development Manager*

- Founder of Arctic Fish
- M.Sc in marine biology and fisheries



**Steinunn Einarssdottir**  
*Quality Manager*

- 5 years in aquaculture
- Background from sales and fishing industry
- Bachelor's degree in tourism



**Johan Hansen**  
*Site Manager NordurBotn*

- 35 year experience from smolt production
- Extended RAS experience from Norway and the Faroe Islands



**Isak Oskarsson**  
*Site Manager Petro/Talkna*

- 10 year experience at sea, 3 years as captain
- Background from fish factory
- Graduated from skipper school



**Bernhardur Gudmundsson**  
*Site Manager Dýrafjörður*

- 13 year experience from fish farming, both sea and land based
- Agronomist



**Egill Olafsson**  
*Technical Supervisor*

- Background as processing manager with salmon/trout
- Former fisherman and captain
- Education from School of Navigation

## Board of Directors<sup>2</sup>



**Svein Sivertsen**  
*Chairman*

- Board member and advisor in a wide range of industries
- Previously MD of Fokus Bank ASA (now Danske Bank)



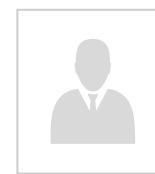
**Ola Loe**  
*Board Member*

- Board member since 2016
- CFO of Norway Royal Salmon
- Experience as a senior manager at KPMG and as group auditor for Mowi



**Charles Høstlund**  
*Board Member*

- CEO in Norway Royal Salmon
- Previously Regional Director and Production Manager in Mowi, and board member in Nova Sea



**Nicolai Weiergang**  
*Board Member*

- CEO of Arctic Seafood Group AS since 2013 and is the chairman in several seafood companies. Previous CFO in Codfarmers
- Representing Bremesco Holding Ltd



**TBD**  
*Board Member*

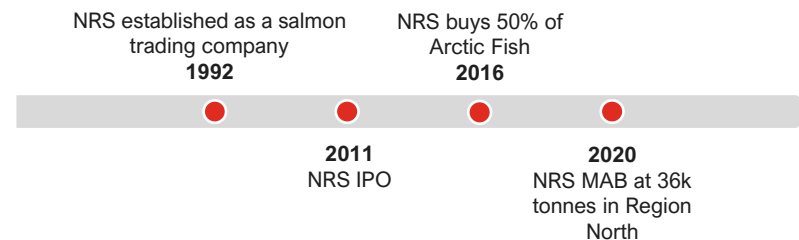
- Intention to include a fifth board member to be decided

# ...backed by strong industrial ownership

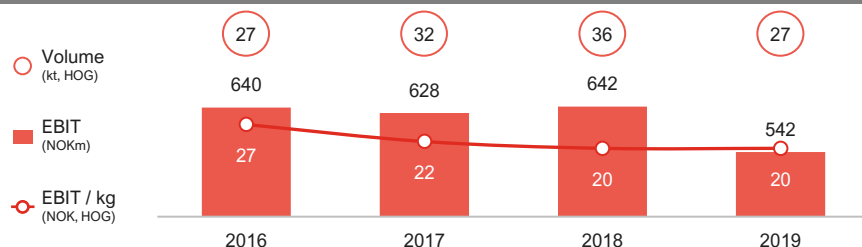
## Industrial backing from majority owner Norway Royal Salmon



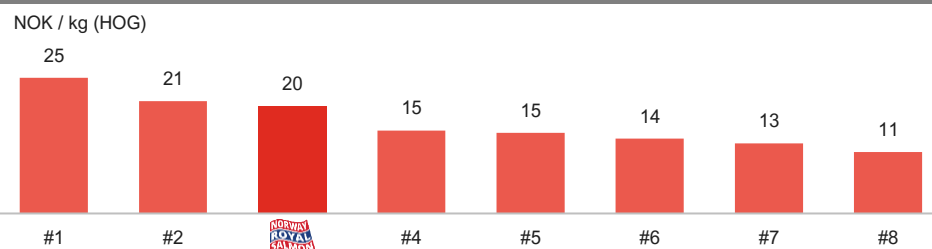
- Norway Royal Salmon ASA (NRS) is a global salmon farmer and the leading salmon farmer in Northern Norway – a region that shares many attributes with Icelandic climate
- Listed on Oslo Stock Exchange since 2011 and has a market capitalisation of ~NOK 8.7bn<sup>2</sup>
- NRS will not sell any shares in the potential transaction, and a potential outcome of the process is that NRS surpasses 50% ownership in Arctic Fish



## Strong historical performance<sup>1</sup>



## Top 3 on EBIT / kg among OSE salmon farmers in 2019



## Novo – Founder of Arctic Fish

NOVO

- Novo ehf. is an Icelandic family-owned enterprise involved in both fish farming, processing and distribution
- The company has been a substantial contributor to Arctic Fish, and a major regulatory influencer in Iceland
- Novo Food, a 100% owned French subsidiary established in 2006, operates a wholesale distribution center and has annual revenues of +NOK 500m

## Jerzy Malek – a pioneer in the salmon industry

- Jerzy Malek is a Polish serial entrepreneur within the salmon industry, and part owner of Arctic Fish
- He was the founder of the vastly successful Morpol and Milarex, a smoked salmon company and a fish processing company

morpol

- Morpol was established in 1996 by Malek and was 100% owned by him when the company went public in 2010
- Morpol was the world leading smoked salmon producer in 2013, and was acquired by Mowi

milarex

- Milarex was established in 2016 with streamlined value chains and scale in focus from the start
- Summa Equity acquired ~70% in 2017
- The company had a revenue of ~NOK 2.2bn in 2019



## Agenda

1

Introduction

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Investment highlights

3

**Financials**

4

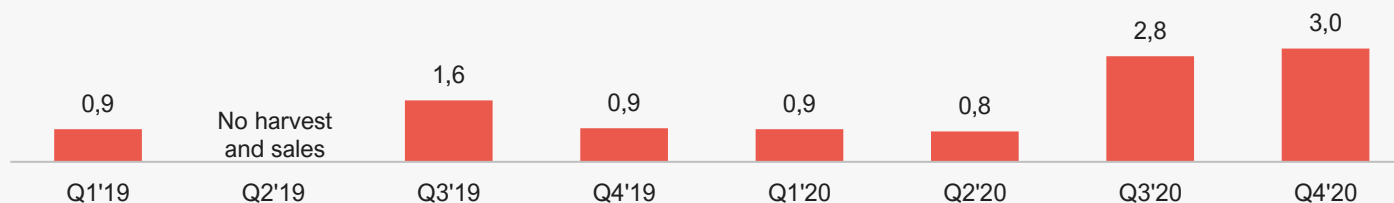
Appendix



# Quarterly volumes and financials

## Quarterly harvest volumes

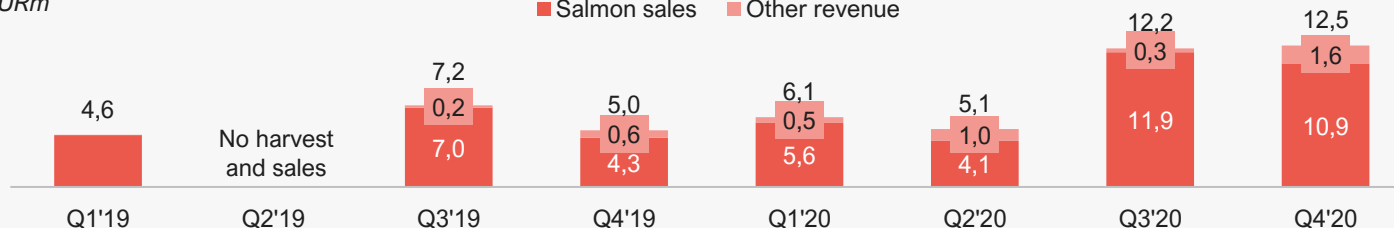
In thousand tonnes, HOG



## Quarterly revenues

EURm

Salmon sales Other revenue

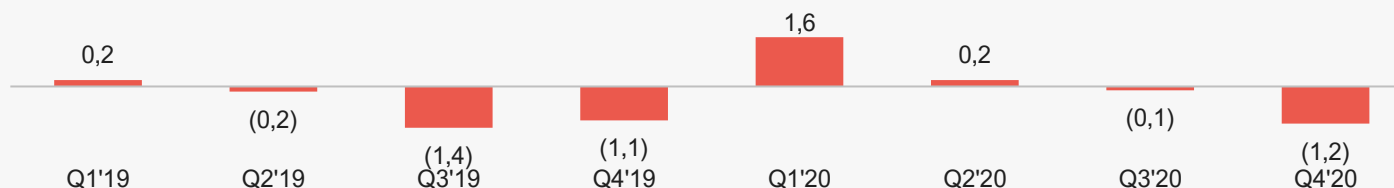


- Other revenue is mainly related to external sale of fry and smolt
- Covid-19 has impacted Q2 and end Q3 with lower price achievements than expected

## Quarterly EBIT

EURm

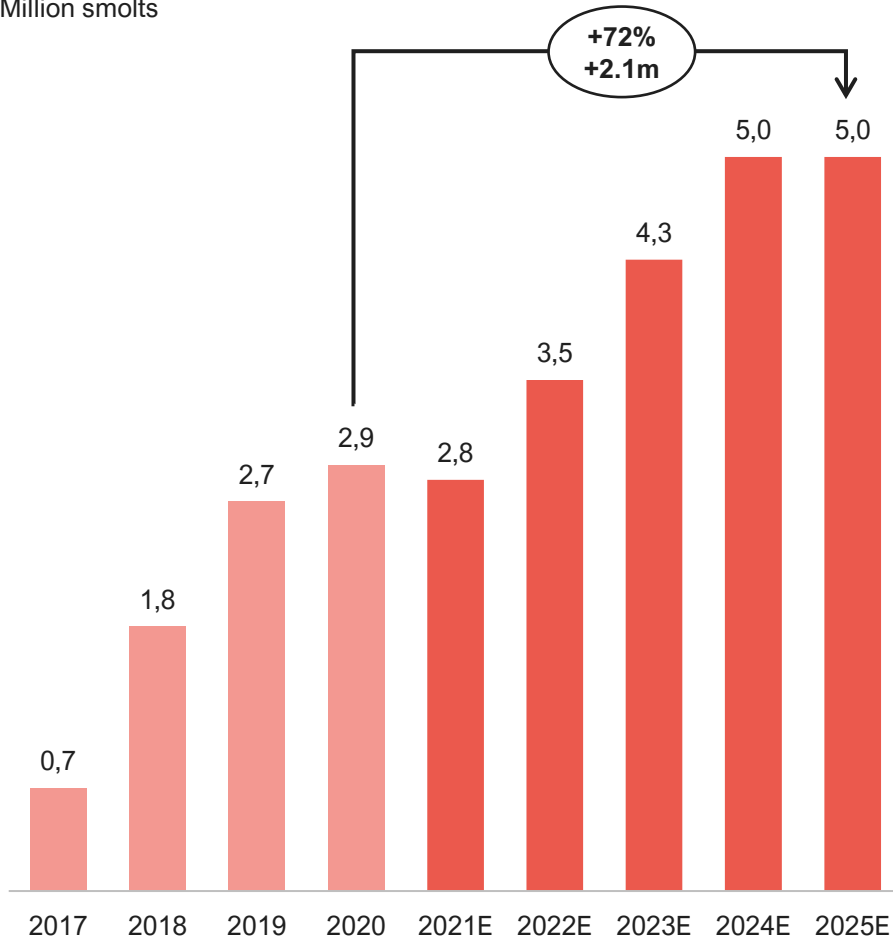
EBIT/kg<sup>1</sup> 0.24 n/a (0.84) (1.33) 1.88 0.25 (0.05) (0.41)



# Targeting ~24kt harvest volume in 2025

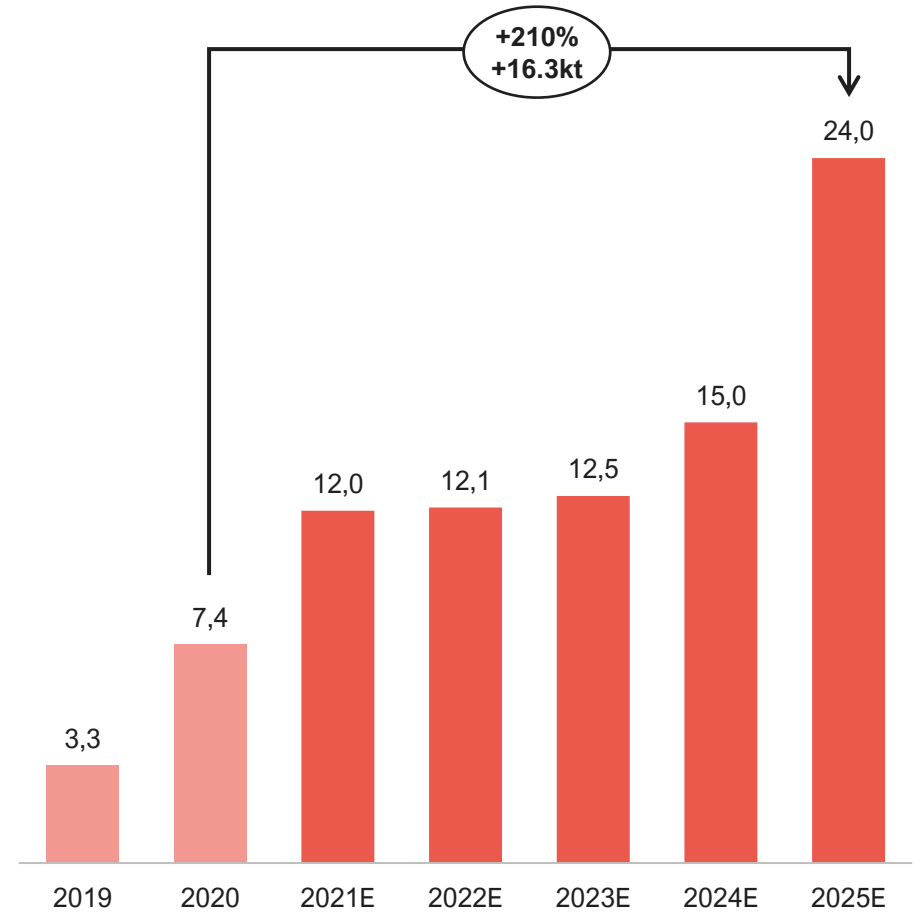
## Smolt release forecast

Million smolts



## Harvest volumes forecast

In thousand tonnes, HOG



# Key investment highlights

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**Appendix**



# 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



# Arctic Fish has a well-invested platform, with operational history, industrial backing by the NRS system and scalable growth



## 1 Backing from NRS

Arctic Fish has industrial backing from NRS (listed on Oslo Børs), contributing with key knowledge and valuable industry know-how

## 2 First generation of smolt

G17 smolt released into seawater during 2017 with first harvest in 2019 of ~3.3kt HOG – improved cost level during the period with a production cost/kg of EUR 4.1 in Q4 2020

## 3 State-of-the-art smolt facility

Strategically important and modern smolt facility NorðurBotn with considerable capacity to handle production of 3.5 million smolt (143 grams)

## 4 Scalable growth

Considerable growth opportunities within current licenses and applications – 100% self-sufficient smolt capacity and increased smolt capacity cater for increased production volumes

**Opportunity to invest in a proven business model with considerable growth opportunities and a multi-disciplinary experienced team with industrial backing from NRS**

# Growing population and an increasing middle class is driving demand for sustainable seafood proteins

## Demand underpinned by megatrends



Global **population growth** driving increased food demand



**Health benefits** of seafood are increasingly promoted by global health authorities



**Growing middle class** in large emerging markets leading to increased protein consumption



**Aging population** leading to increased importance of a healthy diet



**Resource efficient** protein meeting the demand for sustainable food



**32%**

of consumers want to increase their fish consumption



**2 times per week** recommended fish consumption by Health Authorities



**36%**

of consumers want to reduce their meat consumption

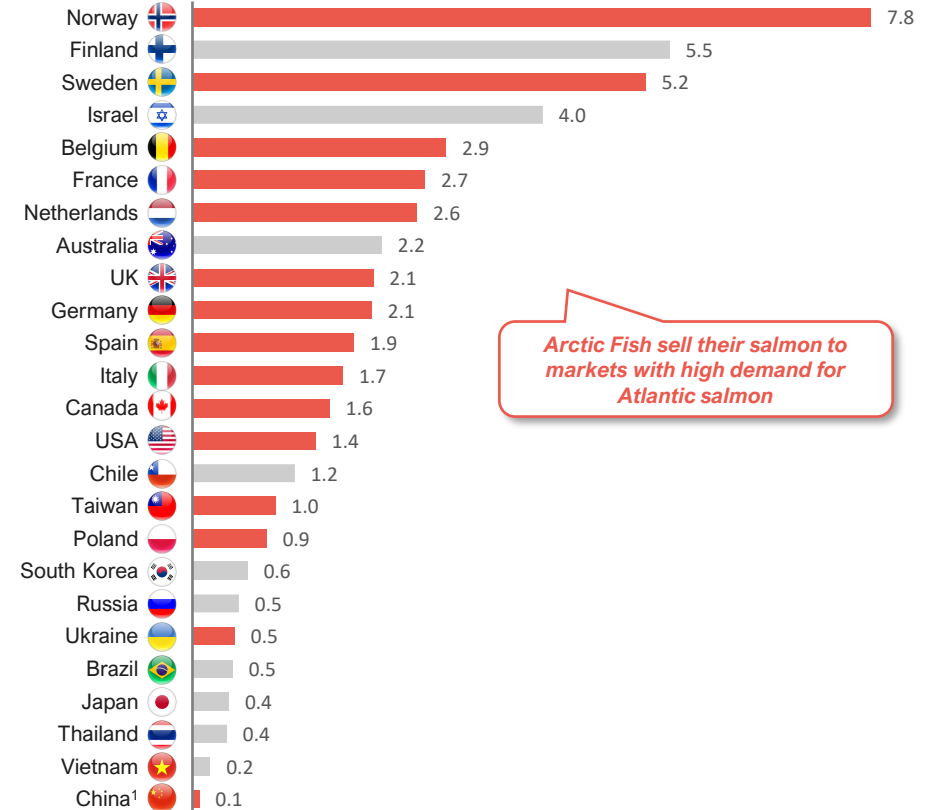
**Upside** potential from increased seafood consumption by young consumers

**Growing** share of consumers buying fish from supermarkets

Increased focus on health, convenience and **sustainable** food as a protein source

## Potential for additional salmon demand

2019 Atlantic salmon consumption per capita (kg)



Arctic Fish sell their salmon to markets with high demand for Atlantic salmon

Countries where Arctic Fish' salmon is sold

# Arctic Fish has an integrated value chain and grows its own smolt in a hi-tech recirculating aquaculture system

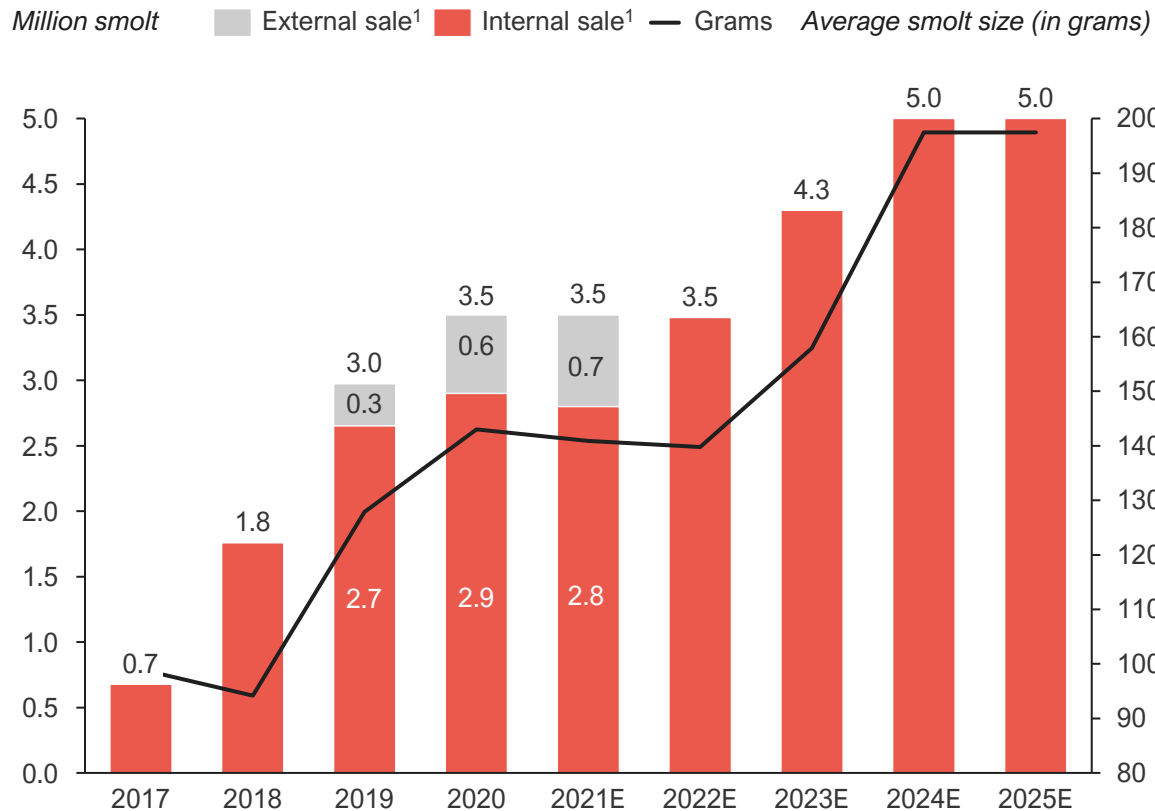
Freshwater (smolt)

Seawater

Processing

Sales

## Average weight and total number of smolt produced (forecast)



## Key facts

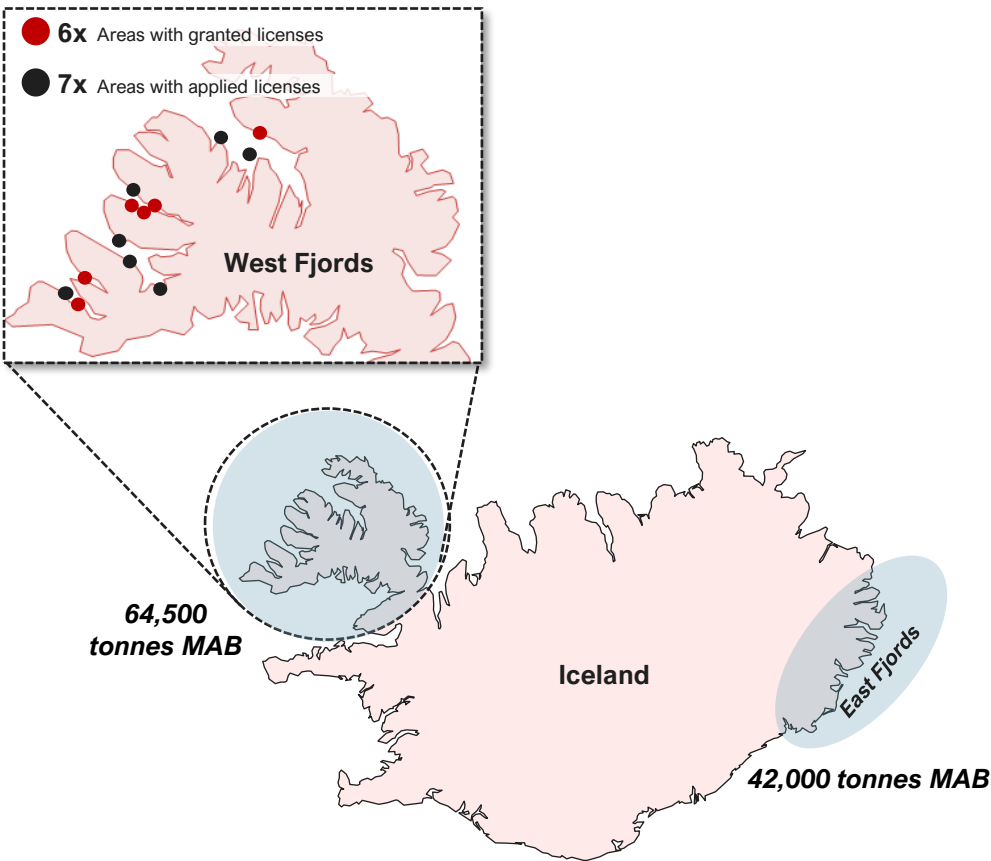
- The smolt are transferred directly from facilities to wellboats by pumps, with the benefit of minimized handling and reduced stress on the smolt
- Released 2.9m smolt to sea in 2020
- Proven production from smolt facility with 8.9 million smolts being produced at the facility since 2017
- Low mortality of ~4% for generation 2020 after 30 days in the sea – indicating good smolt quality, smolt handling and smolt release
- A smolt weight between 140-200 grams and release dates during the summer months yields a production time in sea lower than 22 months – ensures reduced biological risk
- Larger smolt released during autumn to optimize performance causes annual smolt output to fluctuate in bi-annual steps



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



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



## ...with considerable harvest growth expected

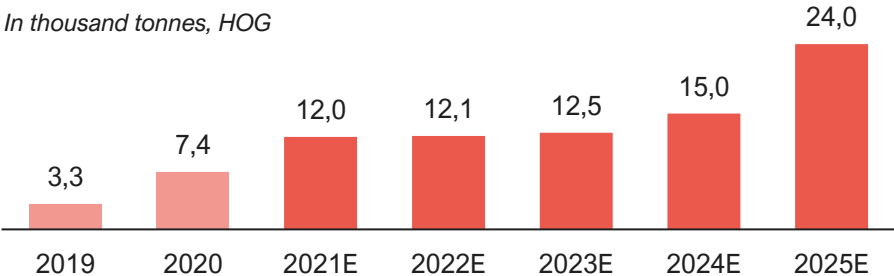
**11.8kt salmon licenses and 5.3kt trout licenses**

**7.4kt harvested in 2020**

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

Arctic Fish plans to grow in line with the Icelandic industry in general – ambitions to reach a market share of about 31% based on current licenses and new applications

## Arctic Fish yearly harvest volumes forecast



# Iceland has farming conditions similar to Northern Norway

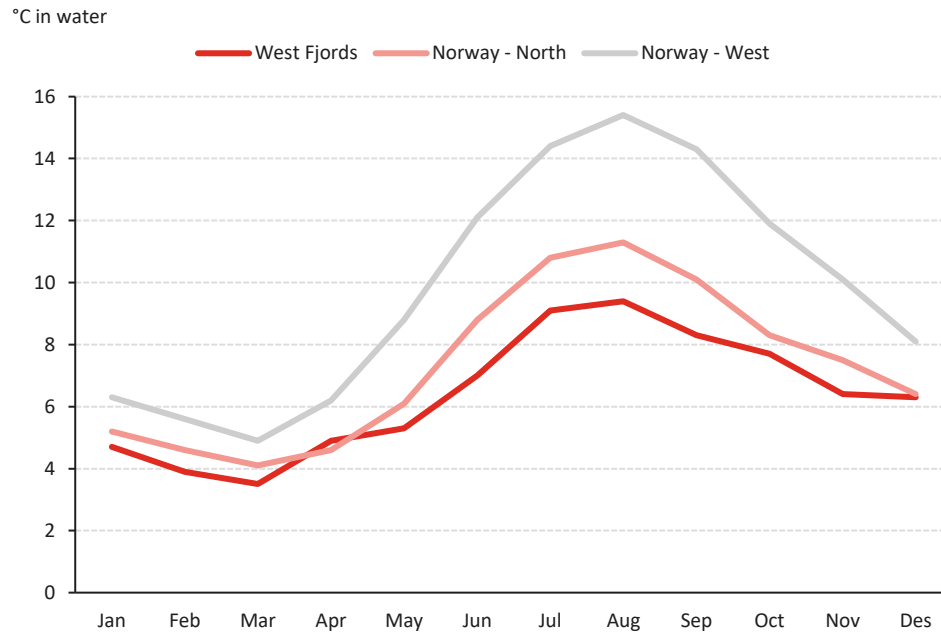
Freshwater (smolt)

Seawater

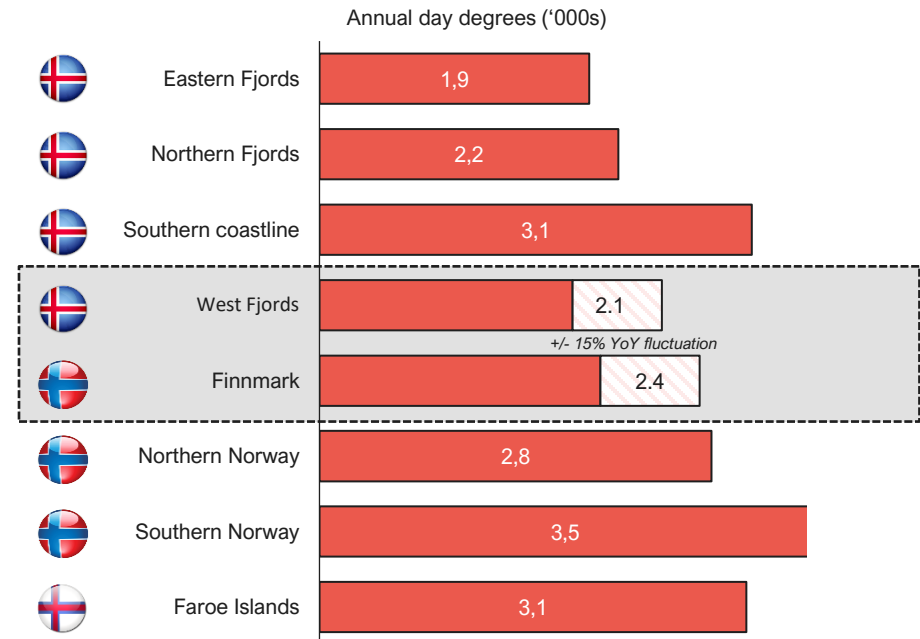
Processing

Sales

## Avg. seawater temperatures<sup>1</sup>



## Day degrees

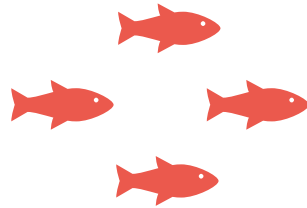


- The West Fjords have low temperatures from November to March/April and medium temperatures during summer
- Lower seawater temperatures compared to Northern Norway throughout the year, except in April
- Iceland provide beneficial conditions, with annual day degrees below the comparable Finnmark region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

# Considerable growth for Arctic Fish is expected in the coming years – smolt capacity is available to cater for the planned growth

Arctic Fish expects to increase its harvest volume by ~2.3x from 2019 to 2020

## 1 Increased smolt capacity

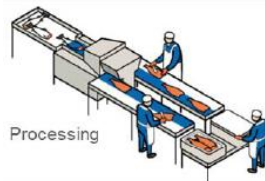


- In 2020 the Company released ~2.9m smolt with more than 8.9m smolt released since 2017
- With the planned expansion, the smolt capacity will be ~1,000 tonnes – 5 million smolt at ~200 grams
- Existing smolt production can facilitate 17.5kt HOG salmon production volume with planned expansion increasing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



**Increased smolt capacity secured in order to handle increased production**

## 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



**In advanced dialogues to increase harvest capacity and/or build harvest plant**

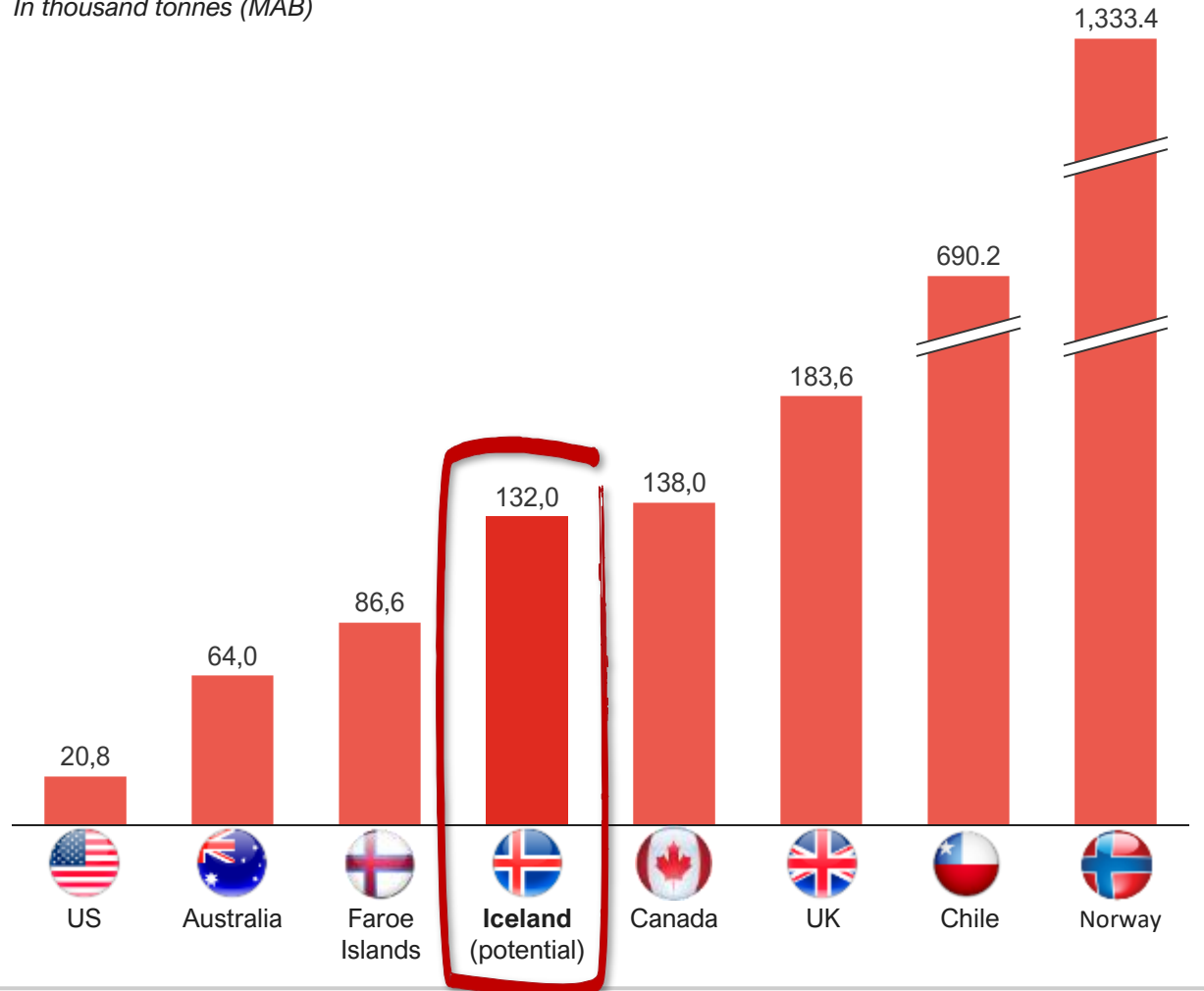
# Iceland has the potential to become the next big region within salmon farming – with a total biomass allowed at 106,500 tonnes

## Favorable regulatory framework

- The MRI recently carried out an updated risk assessment for fertile salmon and set a figure of 106,500 tonnes, whereof 64,500 tonnes located in the West Fjords. This compares to the previous maximum allowable volume of 71,000 tonnes which was considered to be too extreme in the updated risk assessment
- A total of 10 fjords have been biomass measured in Iceland and with the maximum allowed biomass of 132,000 tonnes, making Iceland one of the largest Atlantic salmon producers in the world
- According to the authorities, new sites will be subject to an auction process
- The Parliament enacted a new law on fish farming in June 2019, ensuring that all applications that are still being processed will be governed by the previous legislation
- Further applications and growth will likely be possible by taking part in auctions. On the West Fjords there are outstanding license applications of 32,300 tonnes MAB
- Arctic Fish has outstanding applications of 14,800 tonnes of salmon licenses
- Icelandic exports are expected to decline this year, largely due to the collapse in tourism, and to a lesser extent a contraction in exports of marine products, aluminum and other goods. Hence, salmon is becoming increasingly important and may provide an even more positive political climate for the industry

## Total harvest quantity of Atlantic salmon in 2019

*In thousand tonnes (MAB)*



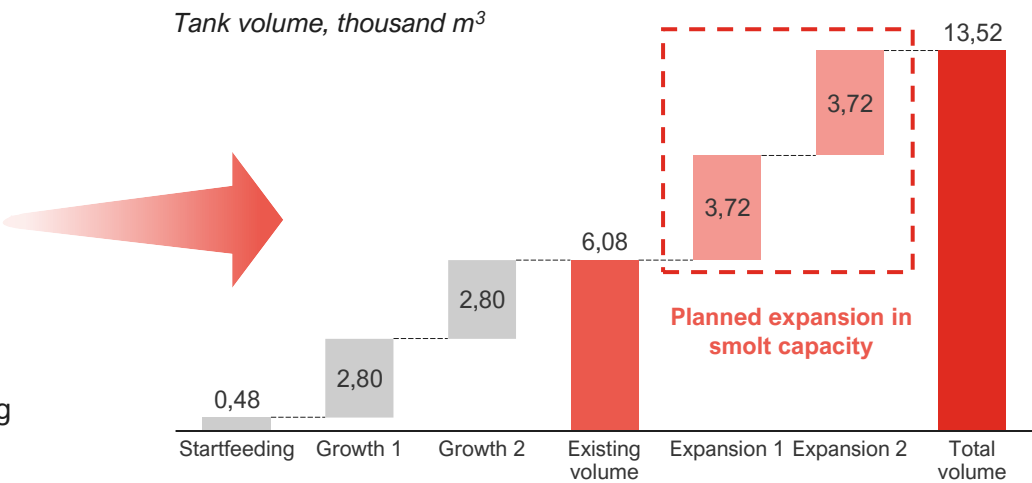


# With the smolt expansion plan, Arctic Fish may be able to increase the tank volume by 2.25x and smolt capacity to 5m smolt

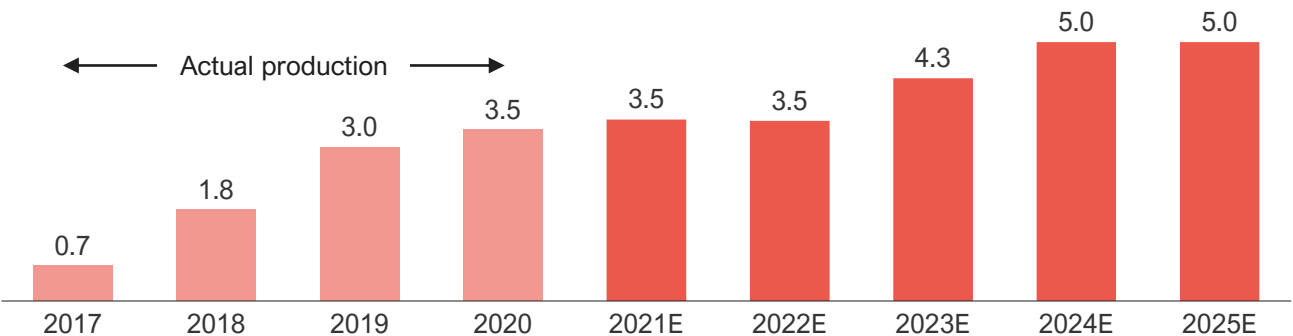
## Commentary

- Two-step plan to increase tank volume with 7,500m<sup>3</sup> 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 m<sup>3</sup> to 13,500m<sup>3</sup>







## Smolt capacity forecast (in million)

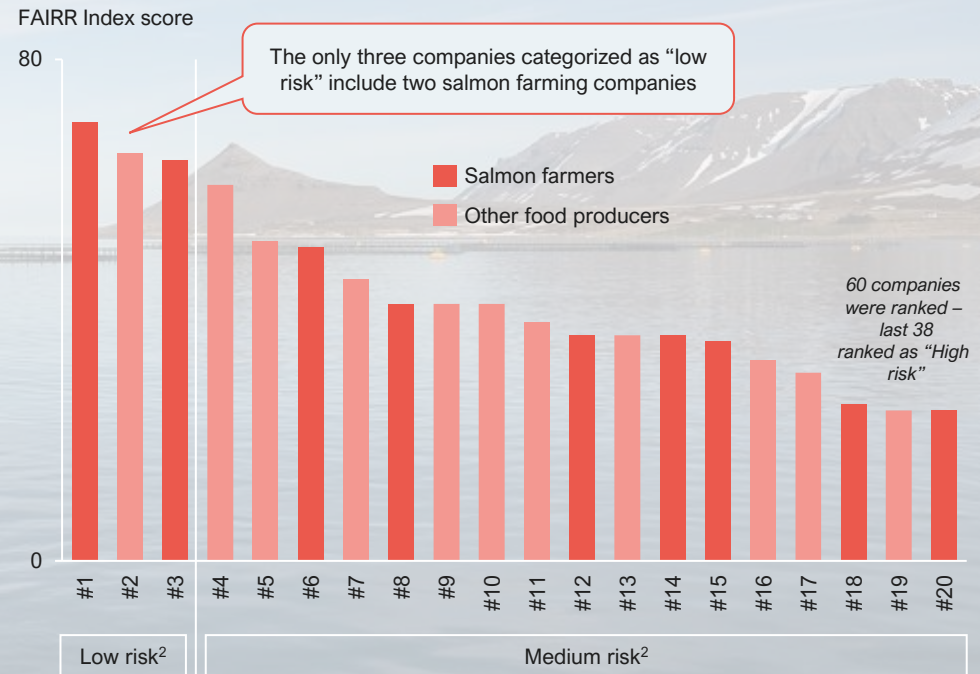


# Salmon farming is an ESG leader within food production

## Salmon compared to other protein sources<sup>1</sup>

				
Protein retention	<b>28 %</b>	37 %	21 %	13 %
Calorie retention	<b>25 %</b>	27 %	16 %	7 %
Edible yield	<b>73 %</b>	74 %	73 %	57 %
Feed conversion Ratio (FCR)	<b>1.3</b>	1.9	3.9	8.0
Edible meat per 100 kg feed	<b>56 kg</b>	39 kg	19 kg	7 kg
Carbon footprint (kg CO <sub>2</sub> / kg edible meat)	<b>7.9 kg</b>	6.2 kg	12.2 kg	39.0 kg
Water consumption (litre / kg edible meat)	<b>2 000<sup>3</sup></b>	4 300	6 000	15 400

## Salmon farmers top the FAIRR Index



# Transport cost expected to come down following volume bump



- Salmon production on Iceland has increased from ~14k tonnes in 2018 to ~25k tonnes in 2019
- This is expected to increase by +30% in 2020 leading to further economies of scale
- Current estimated production capacity on Iceland is 106.5k tonnes, whereof 64.5k in the West Fjords



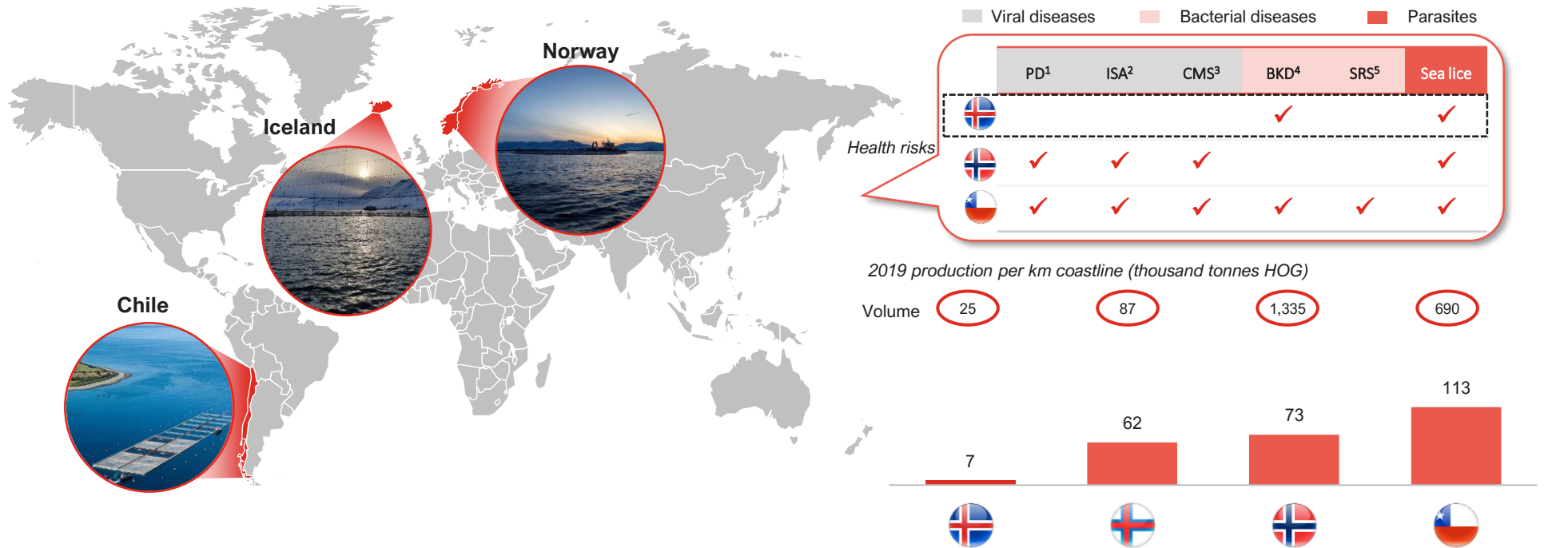
- Traditionally, transportation has been challenging as a consequence of the pristine nature and bad infrastructure
- Trucks and ships have been the most common transportation methods



- The availability of air and sea cargo is expected to increase as national production increases, enabling economies of scale
- This will decrease transportation time and increase access to e.g. USA – the biggest salmon market

# Iceland offers favourable conditions for salmon farming

## Less prone to infectious diseases and low farming density



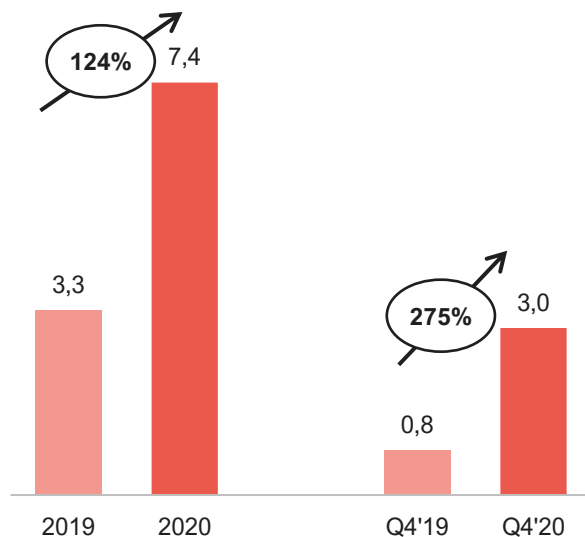
- Due to Icelandic hydrographic conditions, fish may be kept at sea for longer time periods without risking biological problems. This not only increases the potential price per kg, but also reduces slaughtering cost and waste product
- Another consequence of the climate is the cold water that acts as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



# 2020 performance shows improved operations

## Volume

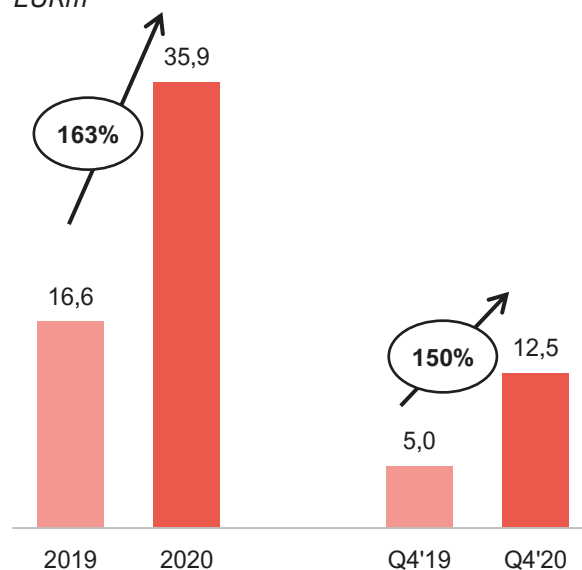
In thousand tonnes, HOG



- 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

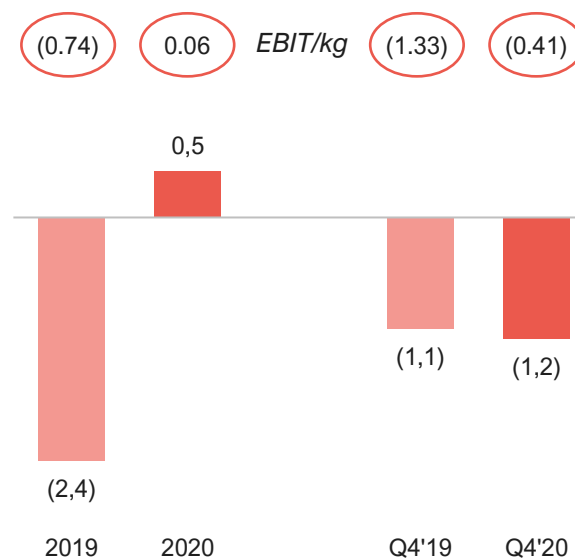
EURm



- 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

# Consolidated income statement

## Consolidated income statement overview

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

- 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

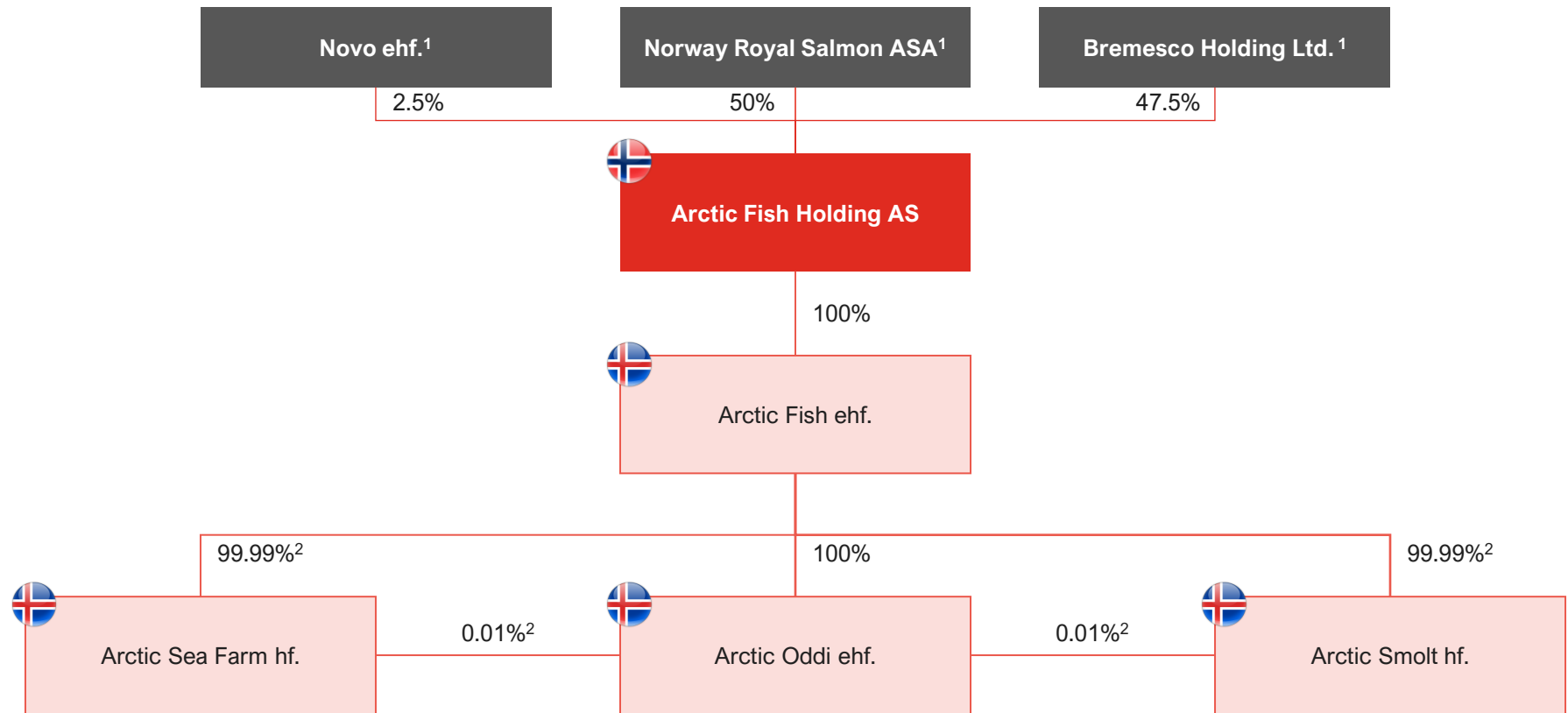
# Balance sheet

## Balance sheet overview

EURm	End 2020	End 2019
<b>ASSETS</b>		
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
<b>Total non-current assets</b>	<b>56.22</b>	<b>50.66</b>
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
<b>Total current assets</b>	<b>51.29</b>	<b>33.68</b>
<b>Total Assets</b>	<b>107.51</b>	<b>84.34</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	65.94	43.77
Share capital surplus value	5.32	5.32
Accumulated deficit	(26.77)	(23.43)
<b>Total equity</b>	<b>44.48</b>	<b>25.66</b>
Loans and borrowings	49.73	37.77
Loans and borrowings from owners	-	14.33
Deferred tax liabilities	0.24	0.24
<b>Total non current liabilities</b>	<b>49.97</b>	<b>52.33</b>
Trade payables	9.63	6.00
Bank overdrafts	2.52	-
Other payables	0.91	0.35
<b>Total current liabilities</b>	<b>13.06</b>	<b>6.35</b>
<b>Total liabilities</b>	<b>63.03</b>	<b>58.68</b>
<b>Total Equity and Liabilities</b>	<b>107.51</b>	<b>84.34</b>

- 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

# Corporate structure





# Risk factors (I/XI)

*An investment in the Shares involves inherent risks. Before making an investment decision with respect to the Shares, investors should carefully consider the risk factors set forth below and all information contained in this Information Document, including the Financial Information and related notes. The risks and uncertainties described in this Section 1 are the principal known risks and uncertainties faced by the Company as of the date hereof that the Company believes are relevant to an investment in the Shares. An investment in the Shares is suitable only for investors who understand the risks associated with this type of investment and who can afford to lose all or part of their investment. The absence of negative past experience associated with a given risk factor does not mean that the risks and uncertainties described herein should not be considered prior to making an investment decision.*

*If any of the risks were to materialise, individually or together with other circumstances, it could have a material and adverse effect on the Group and/or its business, financial condition, results of operations, cash flows and/or prospects, which may cause a decline in the value of the Shares that could result in a loss of all or part of any investment in the Shares. The risks and uncertainties described below are not the only risks the Group may face. Additional risks and uncertainties that the Company currently believes are immaterial, or that are currently not known to the Company, may also have a material adverse effect on the Group's business, financial condition, results of operations and cash flow. The order in which the risks are presented below does not reflect the likelihood of their occurrence or the magnitude of their potential impact on the Group's business, financial condition, results of operations, cash flows and/or prospects. The risks mentioned herein could materialise individually or cumulatively.*

*The information in this Section 1 is as of the date of this Information Document.*

## **1.1 Risk relating to the Group's business and the industry in which it operates**

### **1.1.1 The Group's revenue and future development are dependent on market prices of farmed Atlantic salmon**

The Group's revenue, and thereby its financial position and future development, is inextricably linked with the obtainable market price of farmed Atlantic salmon at any given time. Prices can vary significantly over time, due to factors both on the supply and demand side. Demand for the Group's products is affected by a number of different factors, such as changing customer preferences, seasonality, changes in prices and volumes of substitute products and general economic conditions. The driving factors behind the obtainable market price of farmed salmon are primarily external, and therefore the Group has limited flexibility to adjust product prices.

Further, as the Group primarily exports to Europe, it is more sensitive to price volatility in this market, with a decline in prices for the Group's products in this market having a particularly negative effect on the Group's profitability. A short-term or long-term decline in the price for the Group's products could have a material adverse effect on its revenue, and thereby affect its overall operational result, financial position or ability for future development.

### **1.1.2 Risks relating to export markets**

A significant portion of the Group's products are exported out of Iceland. Export activities also subject the Group to additional regulatory risks in its current and new export markets, including in relation to trade barriers. Additional restrictions in the Group's main export markets, or increased customs or other taxes, could affect the Group's ability to supply such markets with its products on favourable terms, if at all. If any sudden changes are imposed, the Group may be prohibited from trading with certain jurisdictions and it may not be able to replace its activities with trade to a new market on a timely basis or at all. Limitation in its ability to sell its products to certain countries or increased customs or other taxes could adversely affect its operating result and future prospects.

# Risk factors (II/XI)

## ***1.1.3 Risks relating to operating in a global and highly competitive market***

The Group's business is reliant on continued global demand for farmed Atlantic salmon. In order to continue to achieve good results, it is dependent on breeding, processing, marketing and selling salmon that satisfies customer demand at acceptable price levels for both the customer and the Group. The seafood industry is a global industry and considered highly competitive, with many producers ensuring supply of a broad range of various fish and other seafood products worldwide. Going forward, the Group expects to face competition from new market entrants given that the technology surrounding land-based and offshore farming is rapidly evolving. Many of the Group's competitors produce similar products as the Group does, use the same suppliers as the Group and serves the same customer base, which can drive the price of the Group's products down whilst the cost of raw materials, labour and energy is subject to its own respective variability. Certain costs, such as costs relating to feed, transport and well boats are, and may continue to be, higher in Iceland compared to other countries. Increased prices for raw materials and supplies in combination with lower obtainable prices for the Group's products will result in a lower operating profit for the Group.

## ***1.1.4 Risks relating to retaining and attracting skilled employees for its operations***

The Group's performance is to a large extent dependent on highly skilled personnel and management, and the Group's continued ability to compete effectively, implement its strategy and further develop its business depends on its ability to attract new and skilled employee candidates (with experience from the aquaculture sector) and retain and motivate existing employees. Employment agreements entered into by the Management include a mutual notice period for termination of six (6) months, and the agreements do not contain any restrictive covenants, such as non-compete or non-solicitation restrictions. Any loss of key employees, particularly to competitors, or the inability to attract and retain highly skilled personnel could have a material adverse effect on the Group's business, operating result, financial position and/or prospects.

## ***1.1.5 Risks relating to technological advancements***

The Group operates within an industry where use of technology is becoming increasingly important for the Group in order to limit its operating expenses and stay competitive. Technology is not only an important asset in order to produce products of higher quality at lower costs, but also to be able to meet rapid changes in customer preferences for products and product packaging. In addition, we have recently seen authorities in various jurisdictions, such as Norway and Canada, indicating that the regulatory regime and the granting of licenses may award fish farmers that are able to develop and implement new technologies designated to solve or minimize different environmental and sustainability issues, such as closed fish farms. There can be no guarantee that the Group will be able to keep up with technological advancements or regulatory technological requirements within the industry, nor that it will have sufficient financial resources to invest in new and relevant technology going forward. If the Group is unable to implement new technology, its operations, as well as competitiveness, could be adversely affected.

## ***1.1.6 Risks relating to land-based hatcheries***

The Group carries out smolt production on land utilising recirculating aquaculture systems ("RAS") technologies. During its operational lifetime, the Group has suffered one major incident relating to fish mortality; on 14 December 2018 the Group had an incident at its smolt production facility in Norður-Botn, Talknafjordur, due to failures in the systems resulting in water being pumped to the fish tanks. The total loss was 444,473 smolt. Although the Group has only suffered one incident of mass fish mortality thus far, similar events may also occur in the future. Such events may result in a substantial loss of biomass and consequently have a material adverse effect on the Group's business, operating result, financial position and/or prospects.

# Risk factors (III/XI)

## ***1.1.7 Risks relating to political influence***

The aquaculture industry is highly politically influenced. Fish farm operators carrying out the conventional type of aquaculture, including the Group, are highly dependent on access to suitable fish farming sites along the coast-line, and are subject to the potential opinions and actions of neighbours, local fisherman and environmental organisations amongst others. The industry also has an environmental impact which is debated, particularly with respect to sustainability, including relating to sea lice and fish escapes. Political decisions in Iceland, as well as influence from other countries such as Norway, the UK and the European Union may influence the regulation of the industry and consequently the Group's operations and profitability.

## ***1.1.8 Risks relating to biological and environmental aspects and contamination***

The operation of fish farming facilities involves an inherent risk of being affected by biological contaminants such as viruses, bacteria, parasites, algae blooms, jelly fish and other biological contaminants, as well as the outbreak of disease, leading to increased mortality, forced premature harvesting or decreased product quality. If exposed to such risk, the Group may, in addition to the direct loss of fish, incur substantial costs in the form of lost biomass growth, accelerated harvesting, reduced quality of harvested fish and a subsequent period of reduced production capacity and loss of income.

Furthermore, the Group may not be able to prevent contamination of its herring roe supply by environmental pollutants such as dioxins or heavy metals. Such contamination is primarily the result of environmental contamination. Residues of environmental pollutants present in the Group's products may pass undetected in its products and may reach consumers due to failure in surveillance and control systems. The industry in general experiences high levels of customer awareness with respect to safety and product quality, information and traceability. Outbreaks of disease or exposure to other biological or environmental contaminants may have a material adverse effect on the Group's business, operating result, financial condition and/or prospects.

Fish farming in the sea is sensitive with respect to changes in sea temperatures. Occasionally, the Group experiences higher mortality than expected due to low temperatures – in particular during the winter. Lasting cold temperatures may lead to increased mortality and reduced production, which may in turn result in a loss of income.

## ***1.1.9 Risks relating to food safety and health concerns***

Food safety issues and perceived health concerns may have a negative impact on the reputation of, and the demand for, the Group's products. As the Group's products are for human consumption, it is critically reliant on its products being perceived as safe and healthy in all relevant markets. The food industry in general has heightened customer awareness with respect to food safety and product quality, information and traceability. A failure by the Group to meet new and exacting customer requirements may reduce the demand for its products.

Non-governmental organisations, such as environmental organisations and animal rights groups, campaigning groups, research communities or others may direct negative publicity towards the fish farming industry. Negative media attention could raise consumer scares in relation to farmed salmon, which may negatively impact the reputation of farmed salmon, even if there is no direct risk to human health, and result in lower demand for the Group's products. Various perceived health concerns of farmed salmon have attracted negative attention in the media in the past, including in relation to the level of organic contaminants, cancer causing PCB (polychlorinated biphenyls) and dioxins. New perceived health concerns or food safety issues relating to products offered by the Group may nevertheless arise in the future and affect the Group's ability to market and distribute its products. Any of these risks materialising may have a material adverse effect on the Group's business, financial condition, operating result, cash flow and/or prospects.

# Risk factors (IV/XI)

## ***1.1.9 Risks relating to food safety and health concerns (cont.)***

The Group mainly uses lumpfish in order to combat sea lice. Recently, there has been an increased focus on fish welfare relating to mass mortality of lumpfish used for the purpose of combating sea lice. An extensive use of lumpfish may cause negative publicity to be directed towards the fish farming industry, including the Group. Further, guidelines and legislation with tougher requirements might be implemented, which in turn may imply higher costs for the food industry (e.g. enhanced traceability, level of documentation, testing variables, etc.) might impact the Group's activities, and have material adverse effect on the price of the Company's Shares.

## ***1.1.10 Risks relating to sabotage***

Certain environmental organisations are strongly against salmon farming, and risk of sabotage (i.e. damage to production facilities with the intention of hurting the Group financially and/or exposing it to negative media coverage) cannot be ruled out and may have a material adverse effect on the business, financial condition, operating result or cash flow of the Group.

## ***1.1.11 Risks relating to production related disorders***

As with all other forms of intensive food productions, a number of production-related disorders may arise, i.e. disorders caused by intensive farming methods. Well-known production-related disorders include physical deformities and cataracts, which have the ability to cause loss by way of reduced growth and inferior health, reduced quality of harvesting and damage to the Group's reputation. Research has shown that deformities can be caused by, but not limited to: excessively high temperatures during the fish's early life; not enough phosphorus in the fish's diet; acidic water as well as too much carbon dioxide in the water during the freshwater production phase; and growth that is not sufficiently monitored, resulting in growth which is too rapid. Such production related disorders may have a material adverse effect on the Group's business, financial condition, operating result, cash flow and/or prospects.

## ***1.1.12 Risks relating to disruption at production or processing facilities***

A significant part of the Group's activities (and value creation) is created in pens at sea. As such, the Group is reliant on the functionality of its seawater facilities for the majority of its revenue. Like all salmon farmers, the Group's farming operations, especially at sea, may be affected by disruptions such as unexpected extreme weather conditions, with the possibility of it disrupting normal business operations or causing damage to assets. Such disruptions normally have short durations, but if the Group experiences more frequent or longer business disruptions at one or more of its seawater facilities, including in the event of machinery or equipment breakdowns, fire or natural disasters, this could result in severe disruptions to the Group's supply chain. There is also a risk of fish escape which may result in a substantial loss of biomass, repair costs, the spreading of disease and genetic interaction with wild salmon, negative publicity or sanctions from governmental authorities. Further, the Group relies on a third party to process harvested fish, and prolonged disruption to such processing activities, regardless of cause, may result in contamination of the fish and thereby production losses, liability claims from customers, or logistical challenges and delays in delivery of products to customers thus reducing shelf life.

Ultimately, any such disruptions could result in inter alia high repair costs for the Group's equipment, liability under customer contracts, amendments or loss of license, or loss in reputation if the Group fails to ensure timely delivery to customers over time.



# Risk factors (V/XI)

## ***1.1.13 Risks relating to the Group's current fish farming licences and pending applications***

The Group's activities are dependent upon licenses and permits from the Icelandic regulators, which may be revoked or not renewed, including if the Group breaches the applicable laws and regulations governing the licenses and permits (including any special terms and conditions of any such licenses or permit). The Group's existing and active licenses in Ísafjarðardjúpi (5,300 tonnes for production of rainbow trout), Dýrafjörður (4,000 tonnes for production of salmon) and Patreksfjörður and Tálknafjörður (7,800 tonnes for production of salmon) must be renewed in 2036/2030, 2027/2033 and 2023/2033 (operational/environmental), respectively, as well as the existing licence for smolt rearing in Norðurbotn which must be renewed in 2029/2035 (operational/environmental). Further, the Group has licence applications pending in relation to: increasing the capacity at Dýrafjörður from 4,000 to 10,000 tonnes of salmon; granting 4,000 tonnes of salmon production in Arnarfjörður; converting the current rainbow trout licence at Ísafjarðardjúpi to salmon, and increasing capacity to 10,100 tonnes; and increasing the land farming smolt production capacity at Tálknafjörður – Norðurbotn to 2,400 tonnes of maximum biomass. In addition, the issuance of the operating licence for 5,300 tonnes of production of trout at Ísafjarðardjúpi has, separately from the Group's application to convert the licence to salmon, been appealed to an independent appeals committee on environmental and resource issues. It is unknown how such appeal will be handled, and any ruling of the committee may nevertheless have a serious material impact on the Group's operations and results.

No assurance can be given that the Group will be able to maintain its licenses (in particular the licence at Ísafjarðardjúpi), renew its licences upon expiration, that its pending or future licence applications will be granted, or that any decisions of courts, independent appeals committees or similar will be decided in the Group's favour. Furthermore, should the Group not be able to obtain additional licences, it will not be able to fulfil its expansion plans, which in turn may negatively impact the financial prospects of the Group.

## ***1.1.14 The Covid-19 pandemic may have significant negative effects on the Group***

The outbreak of the corona virus (COVID-19) and resulting pandemic, may have material adverse effect on the Group. COVID-19 pandemic may affect the overall performance of the Group's services and result in delays, additional costs and liabilities. The Group has due to COVID-19 experienced significant reductions in the price impacting the Group's revenues and may experience additional and continued reductions in both price and/or volume of export due to severe delays on border areas because of passport and custom checks. Furthermore, the COVID-19 pandemic may lead to financial distress of the Groups' customers or force majeure events to running customer contracts, which may lead to late payments and outstanding receivables.

## ***1.1.15 Risks relating to third party suppliers***

In order for the Group to fulfil its expansion plans, the Group is reliant upon a steady and increased supply of ova/eyed eggs, smolt, feed, well boat capacity and other important supplies. The Group is also reliant on its outsourcing of the processing of fish and its sole third party distributor, Seaborn (who under the current sales agreement has an exclusive right to purchase all the production of salmon from the Group). As all Icelandic salmon farmers, the Group is particularly reliant on its supply of eggs from Stofnfiskur, the only broodstock company in Iceland. The Group has an existing contract with Stofnfiskur for 2021. The Group considers Stofnfiskur has the required capacity to deliver ova/eyed eggs to the Group in accordance with the increasing demand due to the Group's expansion plans. Reliance on only one supplier nevertheless involves some inherent risks, and there may be national import restrictions for importing ova/eyed eggs from e.g. Norway and Scotland.

Feed costs account for a significant portion of the Group's total production costs, and an increase in feed prices could have a major impact on the Group's profitability. The feed industry is characterised by large, global suppliers operating under cost plus contracts, and feed prices are accordingly directly linked to the global markets for fishmeal, vegetable meal, animal proteins and fish/vegetable/animal oils which are the main ingredients in fish feed. Increases in the prices of these raw materials will accordingly result in an increase in feed prices. The Group may not be able to pass on increased feed costs to its customers.

# Risk factors (VI/XI)

## ***1.1.15 Risks relating to third party suppliers (cont.)***

Due to the long production cycle for farmed fish, there may be a significant time lag between changes in feed prices and corresponding changes in the prices of farmed fish and finished products to customers. As the main feed suppliers normally enter into fixed contracts and adapt their production volumes to prevailing supply commitments, there is limited excess of fish feed available in the market. Currently, the Group's feed is exclusively delivered by Ewos AS. If the Group's feed contract with Ewos AS was to be terminated on short notice prior to its expiration date, the Group may not be able to find alternative suppliers in the market. Shortage in feed supply may lead to starving fish, accelerated harvesting, loss of biomass and reduced income.

If other supplies are disrupted, there is an inherent replacement delay risk whilst alternative suppliers are put in place. There is also an inherent production risk in relation to the production amount of smolt, and the Group may not be able to supply smolt to itself in sufficient quantities and meet contractual obligations with its smolt customers.

## ***1.1.16 The Group's business is concentrated in one industry***

The Group's business is overwhelmingly focused on salmon farming, and so the Group may be more vulnerable to economic, political, regulatory, environmental or other developments affecting such industry than a company that holds a more diversified portfolio of assets would.

## **1.2 Risks related to laws and regulations**

### ***1.2.1 Risks relating to the imposition of taxes or fees***

Aquaculture and salmon farming is a young and fast-growing industry in Iceland. As such, it may be expected that new legislation may be introduced over time as the industry develops. In 2019, the Icelandic Parliament adopted an act introducing a levy for fish farming and a fish farming fund. The levy is being implemented incrementally from 2020, and the development of this levy, and other industry specific taxes and fees that may be imposed by the Icelandic government, may have an adverse effect on the Group's profitability.

### ***1.2.2 Risks relating to industry regulation***

The Group's activities are subject to extensive international and national regulations, in particular relating to environmental, animal welfare and food safety regulations. The Group has in the past not experienced any significant issues related to non-compliance, but may in the future be subject to compliance monitoring. The Group's products are made for human consumption. This subjects the Group to numerous food safety regulations regarding, amongst other things, standards for the Group's processing facilities and the handling of products, which are dependent on certifications from Icelandic authorities. Changes to domestic or international food safety requirements may adversely affect the Group's current scale of operations, as well as its access to certain markets. If Icelandic and/or international authorities impose more stringent regulations, the Group may be required to change the way it currently carries out its processing activities, which may require significant investments or other changes to ensure compliance with applicable law.

Substantial changes have been made in Icelandic aquaculture legislation in recent years (especially in 2019 and 2020) that have not been incorporated in the licenses issued before the legislation was enacted. The Icelandic Food and Veterinary Authority and the Environment Agency of Iceland may change operational licenses and environmental licenses granted prior to the recent changes (including several of the Group's licenses), respectively, to ensure that they comply with current risk assessments and bearing capacity assessments. In general, changes in law may have a material adverse effect on the business' operations and profitability. The Group cannot predict the extent to which its future operations and earnings may be affected by mandatory compliance with new or amended legislation or regulation.

# Risk factors (VII/XI)

## **1.2.2 Risks relating to industry regulation (cont.)**

Relevant authorities may also further regulate the operations of the Group, with enhanced harvesting or processing standards, or more stringent environmental or animal welfare requirements. Investments necessary to meet new regulatory requirements may be significant and expensive for the Group. More stringent legislation and regulations are expected and may incur higher costs for the food industry. In particular the ability to trace products through all stages of the value chain, as well as certifications and documentation, are becoming the norm in food safety requirements. Further, the potential future introduction of increased food safety or quality standards by authorities may also have a material adverse effect on the business, financial conditions, operating result or cash flow of the Group.

## **1.2.3 Risks relating to product liability claims**

A failure by the Group to meet new and existing customer requirements may lower the demand for its products. Moreover, this also exposes the Group to the risk of product liability claims from its customers as well as end-consumers. All of the Group's products are sold directly for human consumption. Should any contamination or other food safety issues related to the Group's products occur, it would not only have financial consequences due to product recalls and liability claims, but also reputational consequences as it may result in consumers being deterred from purchasing the Group's products. In the past, the Group has had no significant incidents of product recalls. However, this does not guarantee that it will not occur in the future.

## **1.2.4 Litigation risk**

The operating hazards inherent in the Group's business increase the Group's exposure to litigation, which may involve, among other things, contract disputes, personal injury, environmental, employment, intellectual property litigation, tax and securities litigation, and litigation that arises in the ordinary course of business. Any litigation may have a material adverse effect on the Group because of potential negative outcomes, the costs associated with defending the lawsuits, the diversion of the Group's management's resources and other factors.

The Group is currently involved in a civil dispute with inter alia a company owning the neighbouring hotel to the sites Patreks- and Tálknafjörður demanding the withdrawal of Arctic Sea Farm's operating license for 7,800 tonnes of production of salmon. The dispute is still pending and, should the plaintiffs succeed, a potential outcome (although considered unlikely by the Group) may be that the operational licenses for production of 7,800 tonnes of production of salmon is withdrawn (either permanently or for a period until the relevant issues relating to the license are resolved). The Group also currently has a disagreement with Vesturbyggð municipality, who believes that the Group has not paid port fees imposed for farmed fish landed in the municipality.

Furthermore, the Group is involved in a civil dispute against inter alia two environmental organisations relating to the operational license for production of 5,300 tonnes of rainbow trout in Ísafjarðardjúp (license which is intended to be converted into a salmon production license). The dispute is a result of a demand for withdrawal of the said operating license, and is currently handled at an administrative level. Any administrative decision from the independent appeal committee may be submitted before the courts of Iceland. If the plaintiffs should succeed in their appeal, a potential outcome (although considered unlikely by the Company) may be that the operational license for production of 5,300 tonnes of production of rainbow trout is withdrawn (either permanently or for a period until the relevant issues are resolved).

Any loss of such licences will significantly reduce the Group's licensed production volume and production capacity, and a negative outcome of these matters may have significant adverse effects on the Group's financial position or profitability.

# Risk factors (VIII/XI)

## ***1.2.5 Risks relating to exposure to laws and regulations in several jurisdictions***

The industry of fish farming is heavily regulated by numerous national, international and supra-national regulations which directly affects the Group's operations and consequently its profitability. Furthermore, laws and regulations are subject to continual changes, whereas some legislative changes may be either disadvantageous to the Group's business or could oblige the Group to change its course of business or amend its business strategy to a less profitable strategy. The Group has in the past not experienced any significant issues related to non-compliance, but may in the future be subject to compliance monitoring. Any failure to comply with applicable national and/or international laws and regulations may lead to costly litigations, penalties or other sanctions, and may adversely affect the overall performance of the Group.

## ***1.2.6 Risks relates to trade tariffs, customs barriers and free trade agreements***

The Group's products are sold globally, and thereby competes with other suppliers in countries worldwide for market share. Trade tariffs and free trade agreements affect which export markets the Group considers as favourable, which can differ from jurisdiction to jurisdiction and is subject to change. Any such change may make certain industry players in certain jurisdictions more competitive than their peers in other jurisdictions. Such competitiveness can be seen by products being offered cheaper to end-customers by industry players that do not have to pay tariffs, compared to those who do. Changes in various free trade agreements and customer barriers, especially to the Group's main markets, may affect the Group's ability to export to such market and/or affect the profitability of such export compared to its peers with a higher percentage of domestic sales, or from competitors from other jurisdictions competing in the same markets as the Group, and who are under more favourable trading terms.

## ***1.2.7 Risks relating to intellectual property rights***

The Group owns trademarks for its products and brand names. The Group cannot ensure that third parties will not infringe on or misappropriate these rights, patents, copyrights or other intellectual property rights, for example, by imitating the Group's products, or trademarks, or in trademarks that are similar to trademarks that the Group owns. In addition, the Group may fail to discover infringement of its trademarks, and/or any steps taken or that will be taken by the Group may not be sufficient to protect its trademarks or prevent others from seeking to invalidate its trademarks or block sales of its products by alleging a breach of their trademarks. For example, the Group's agreements with its employees lack intellectual property rights protection, which may result in infringements or disputes related to the Group's intellectual property rights.

Further, the Group has recently filed for registrations of intellectual property rights, such as to the Norwegian Industrial Property Office for a combined/figurative trademark regarding its logo, and there is also an existing entity in Norway, outside the Group, operating under the registered name "Arctic Fish AS". Third parties may assert claims against the Group for infringement of third party intellectual property rights. Infringement claims could harm the Group's reputation, lead to changes in the Group's operations, and ultimately result in liability for the Group or prevent the Group from offering the products and services affected by such claims. In addition, any claims that the Group's products and services infringe the intellectual property rights of third parties, regardless of the merit or resolution of such claims, may result in significant costs, time and focus in defending and resolving such claims.

## **1.3 Financial risks**

### ***1.3.1 Exchange rate fluctuations may significantly affect the Group's profitability***

The Group's operations are carried out in Iceland, with a substantial part of operating expenses being denominated in EUR, while a majority of the Group's total revenue is generated from its export markets, with NOK as its main export currencies. In addition, part of the operating expenses of the Group are in ISK. Factors affecting the exchange rate between NOK and EUR may have adverse effects on the obtainable price for the Group's products, and factors affecting the exchange rate between ISK and EUR may have adverse effects on the operating expenses of the Group denominated in EUR, both of which may ultimately result in lower profitability for the Group.

# Risk factors (IX/XI)

## **1.3.2 Risks relating to accounts receivable**

Consequently, the Group is reliant on the credit worthiness of its customers. Customers of the Group are sometimes unable to pay for the goods when on arrival, which may result in non-payment and loss on receivables, and the Group may have to re-sell all or part of the shipment from the arrival destination. Such additional sales efforts result in increased costs for the Group, and may also result in the Group having to sell its products at prices lower than it otherwise would. The Group may in the future experience non-payment, loss on receivables and loss of sales due to non-payments from its customers, which may also lead to additional expenses in order to successfully redistribute its goods or be required to sell its products at lower prices to ensure that any such unpaid products are sold.

## **1.3.3 Risks related to terms of current financing and events of default**

The Group is primarily financed by loans and credit lines from Arion Bank hf. and DNB Bank ASA provided to Arctic Fish ehf. The Group has one loan agreement with Arion Bank hf. and DNB Bank ASA, as set out in Section 6.9 (the "Credit Agreement"). The Credit Agreement contains various financial covenants and undertakings binding Arctic Fish ehf such as inter alia: to provide audited financial statements; restrictions on distributions, additional indebtedness, mergers, consolidations, liquidations, sale of assets, insurance (including biomass insurance) and capex investments limited to EUR 12 million in aggregate for the duration and EUR 6 million in any financial year; the equity ratio to at all times be equal to or exceed 40%; leverage not applicable for the relevant period expiring 31 December 2020 and 31 March 2021, leverage not exceeding 5:1 for the relevant period expiring 30 June 2021, 30 September 2021 and 31 December 2021, and leverage not exceeding 4.5:0 for the relevant period expiring 31 March 2022 and all subsequent relevant periods; minimum EBITDA (measured on a rolling 12-month basis) shall during the relevant periods ending on each of 31 December 2020 and 31 March 2021 exceed EUR 3 million (EBITDA definition includes inter alia biomass fair value adjustments); the amounts outstanding under the revolving biomass facility (up to EUR 30 million) shall not exceed the amount under the borrowing base (the borrowing base means, on a consolidated basis for Arctic Fish ehf and its subsidiaries, the sum of: (i) 60% of the insured biomass on land; (ii) 60% of the insured biomass in sea; and (iii) 65% of account receivables (calculated at face value)).

The Group's ability to comply with the covenants described above, as well as maintaining adequate security, may be impacted by events beyond its control and it may be unable to comply. Upon the occurrence of an event of default, the lenders could inter alia declare all amounts outstanding under the Credit Agreement to be immediately due and payable. In addition, the lenders would have the right to proceed against the assets the Group provided as collateral pursuant to the related security agreements.

Furthermore, the loan agreement between Arctic Fish ehf, Arion Bank and DNB Bank ASA that amounts to a total of €67,000,000 (with an option to establish an accordion facility in the total amount of EUR 7,000,000), includes a change of control clause that may be triggered in connection with the Offering. The change of control clause will inter alia be triggered if Norway Royal Salmon ("NRS") ceases to directly or indirectly own/control 50% of the shares or voting rights in Arctic Fish ehf. by other means than through a flotation. A "flotation" includes a successful application being made for the admission of the share capital of Arctic Fish ehf. to trading on Euronext Growth or a regulated market, provided that Arctic Fish ehf. raises new equity in the total amount of at least EUR 23,000,000 equivalent in NOK. Arctic Fish ehf. is not the entity being listed at Euronext Growth. Consequently, one could argue that the "flotation" exemption will not apply in connection with the contemplated listing at Euronext Growth, which in turn will imply that a change of control event will be triggered – and thereby a mandatory prepayment event – if NRS does not subscribe for a sufficient amount of shares in order to at least maintain its 50% position. A change of control event will also be triggered if NRS ceases to directly or indirectly own/control 34% of the shares (notwithstanding a flotation) or if any other shareholder of Arctic Fish ehf. (other than NRS or Bremesco Holdings Limited) ends up owning/controlling 20% or more of the shares / voting rights following a flotation (whether acting separately or acting in concert with other shareholder(s)). If the debt under its Credit Agreement were to be accelerated (including through a change of control event), the Group may not have sufficient cash on hand, or be able to refinance the loans or sell sufficient collateral to repay it, which would have an immediate adverse effect on its business and operating results. This could potentially cause the Group to cease operations and result in a complete loss of investment in the shares.



# Risk factors (X/XI)

## 1.4 Risks related to the Shares and the Admission to Trading

### ***1.4.1 An active trading market on Euronext Growth Oslo may not develop and the Shares may be difficult to sell in the secondary market***

The Shares have not been traded on any stock exchange, other regulated marketplaces or multilateral trading facilities, and there has, accordingly, been no public market for the Shares. If an active public market does not develop or is not maintained, shareholders may have difficulty in selling their Shares. There can be no assurance that an active trading market will develop or, if developed, that such a market will be sustained at a certain price level. The Company cannot predict at what price the Shares will trade upon following the admission to trading on Euronext Growth Oslo, and the market value of the Shares can be substantially affected by the extent to which a secondary market develops for the Shares following the admission to trading on Euronext Growth Oslo.

### ***1.4.2 NRS is the largest shareholder of the Company and has significant voting power and the ability to influence matters requiring shareholder approval***

Above 50 % of the Shares are held by NRS, a Norwegian public limited company listed on Oslo Børs. Through its shareholding, NRS will have the ability to, to a significant extent, control the outcome of matters submitted for the vote at General Meetings, including the election of directors to the Board of Directors. The commercial interest of NRS, and those of the Group, may not always be aligned, and this concentration of ownership may not always be in the best interest of the Company's other shareholders. This could have a material adverse effect on the market value of the Shares.

### ***1.4.3 The Company will incur increased costs as a result of being listed on Euronext Growth Oslo***

As a company with its Shares admitted to trading on Euronext Growth Oslo, the Company will be required to comply with the Euronext Growth Markets Rule Book and related Notices issued by Oslo Børs (the "Euronext Growth Rule Book") including, but not limited to, specific reporting and disclosure requirements. The Company will incur additional legal, accounting and other expenses in order to ensure compliance with the Euronext Growth Rule Book and other application rules and regulations. The Company anticipates that its incremental general and administrative expenses as a company with its Shares admitted to trading on Euronext Growth Oslo will include, among other things, costs associated with annual and interim reports, general meetings, investor relations, incremental director and officer liability insurance costs and officer and director compensation. In addition, the Board of Directors and executive management may be required to devote significant time and effort to ensure compliance with the Euronext Growth Rule Book and other applicable rules and regulations for companies with its shares admitted to trading on Euronext Growth Oslo, which may entail that less time and effort can be devoted to other aspects of the business. Any such increased costs, individually or in the aggregate, could have an adverse effect on the Group's business, financial position and profits.

### ***1.4.4 The price of the Shares may fluctuate significantly and may result in investors losing a significant part of their investment***

An investment in the Shares involves risk of loss of capital, and securities markets in general have been volatile in the past. The trading volume and price of the Shares may fluctuate significantly in response to a number of factors, many of which are beyond the Company's control, including the following: (i) actual or anticipated fluctuations in the Company's quarterly results of operations, (ii) recommendations by securities research analysts, (iii) changes in the economic performance or market valuations of other issuers that investors deem comparable to the Company, (iv) addition or departure of the Company's executive officers, directors and other key personnel, (v) release or expiration of lock-up or other transfer restrictions on outstanding Shares or securities convertible into Shares, (vi) sales or perceived sales of additional Shares or securities convertible into Shares, (vii) significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors, and (viii) news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Company's industry or target markets. The market price of the Shares may also decline due to market fluctuations if the Company's operating results, underlying asset values or prospects have not changed.

# Risk factors (XI/XI)

## ***1.4.4 The price of the Shares may fluctuate significantly and may result in investors losing a significant part of their investment (cont.)***

Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. As well, certain institutional investors may base their investment decisions on consideration of the Company's environmental and governance and social practices and performance against such institutions' respective investment guidelines and criteria, and failure to meet such criteria may result in limited or no investment in the Shares by those institutions, which could materially adversely affect the trading price of the Shares. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue for a protracted period of time, the Company's operations could be materially adversely impacted and the trading price of the Shares may be materially adversely affected.

## ***1.4.5 Future issuances of Shares or other securities could dilute the holdings of shareholders and could materially affect the trading price of the Shares***

The Company may in the future decide to offer additional Shares or other securities in order to finance new capital-intensive projects, in connection with unanticipated liabilities or expenses or for any other purposes. The Company cannot predict what effect, if any, future issuances and sales of Shares will have on the price of the Shares (particularly following the admission to trading on Euronext Growth Oslo). Furthermore, depending on the structure of any future offering, existing shareholders may not have the ability to subscribe for or purchase additional equity securities. If the Company raises additional funds by issuing additional equity securities, this may result in a significant dilution of the existing shareholders, including in relation to dividends, shareholding percentages and voting rights.

## ***1.4.6 Financial reporting and other public company requirements***

As a result of the admission to trading on Euronext Growth Oslo, the Company will become subject to reporting and other obligations under applicable law, including the Norwegian Securities Trading Act and the ongoing obligations. Such reporting and other obligations will place significant demands on the Company's Management, administrative, operational and accounting resources. Any failure of the Company to maintain effective internal controls could cause the inability of the Company to meet its reporting obligations or result in material misstatements in its financial statements. If the Company cannot provide reliable financial reports or prevent fraud, its reputation and operating results could be materially harmed which could also cause investors to lose confidence in the Company's reported financial information, which could result in a reduction in the trading price of the Shares.

## ***1.4.7 Shareholders may not be able to exercise their voting rights for Shares registered on a nominee account***

Beneficial owners of the Shares that are registered on a nominee account or otherwise through a nominee arrangement (such as brokers, dealers or other third parties) may not be able to exercise voting rights and other shareholders rights as readily as shareholders whose Shares are registered in their own names with the VPS prior to the Company's general meetings. The Company cannot guarantee that beneficial owners of the Shares will receive the notice for the Company's general meeting in time to instruct their nominees to either effect a re-registration of their Shares in the manner described by such beneficial owners.

## ***1.4.8 Shareholders outside of Norway are subject to exchange rate risk***

All of the Shares will be priced in Norwegian Kroner ("NOK"), the lawful currency of Norway, and any future payments of dividends on the Shares or other distributions from the Company will be denominated in NOK. Shareholders outside of Norway are subject to exchange rate risk which may affect the value of the shares and dividends paid on the shares.



**ArcticFish**