



Arctic Fish

Q2 report 2021

23rd August 2021

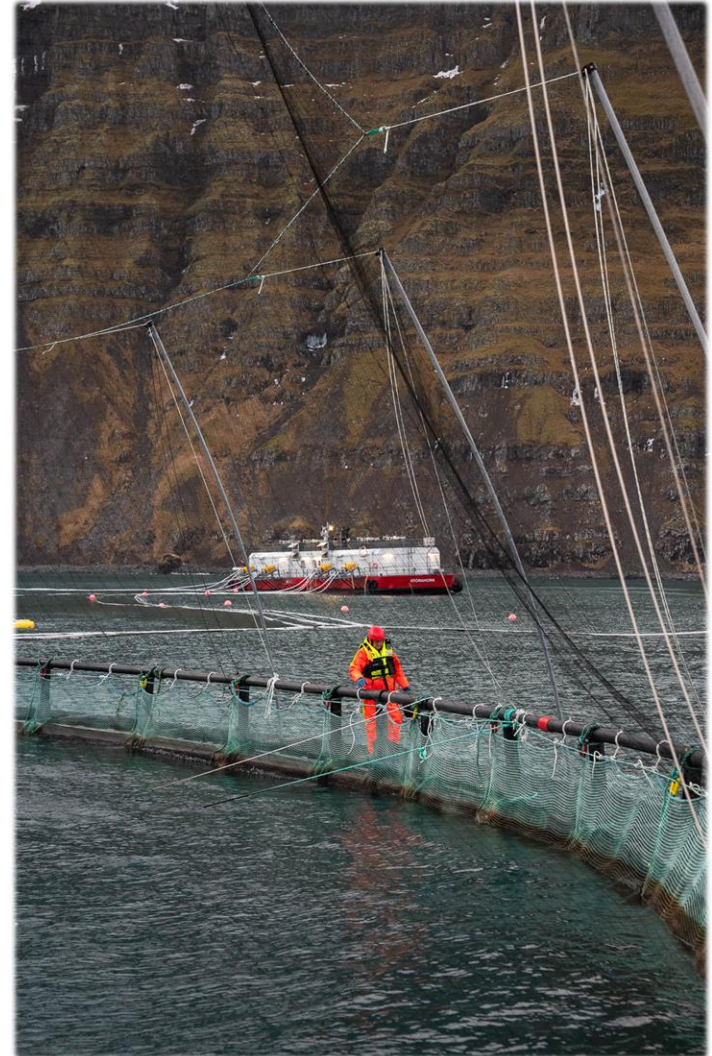


Agenda

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

Highlights in Q2 2021

- Operations are on track, and the company is growing steadily.
- Farming EBIT of 9.66 NOK pr. kg , a significant improvement from the last quarter.
- Arctic Fish continues to deliver a high percentage of superior quality salmon.
- Improved price achievement impacts the farming EBIT pr. kg positively.
- The production so far this year has been better than expected and indicating an increased estimated harvest volume for 2022.
- The expansion of the smolt production has already started with planned groundwork that will commence in August.



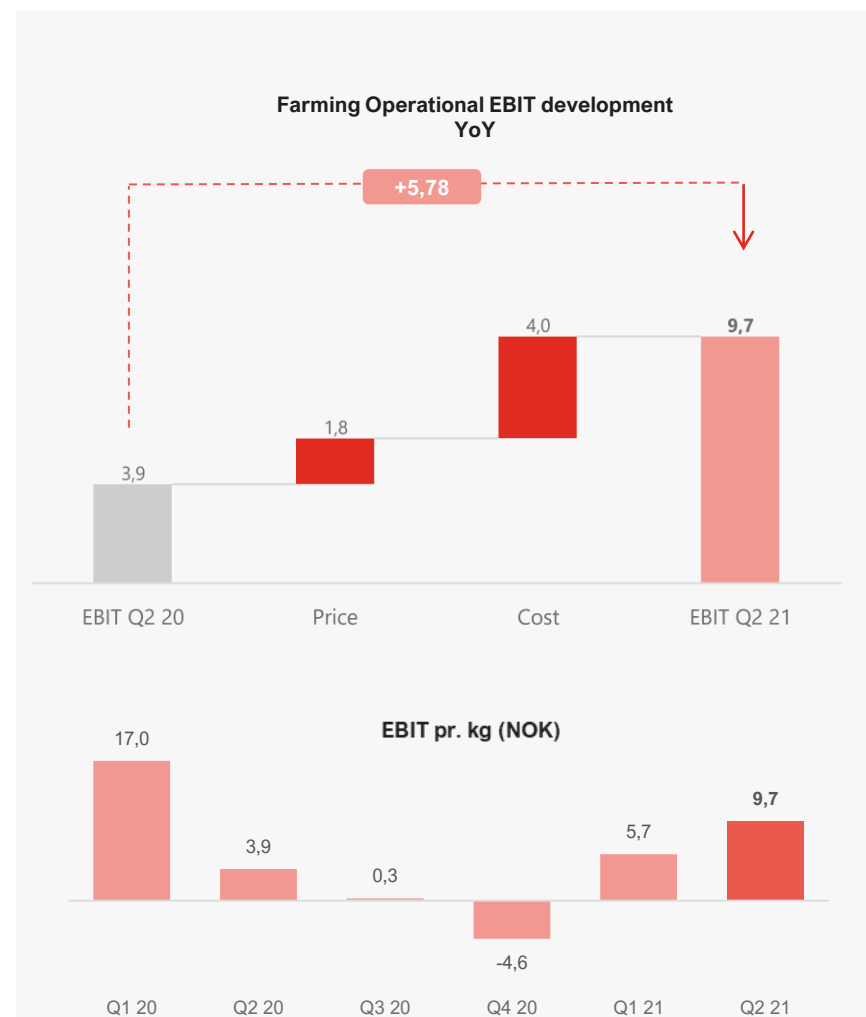


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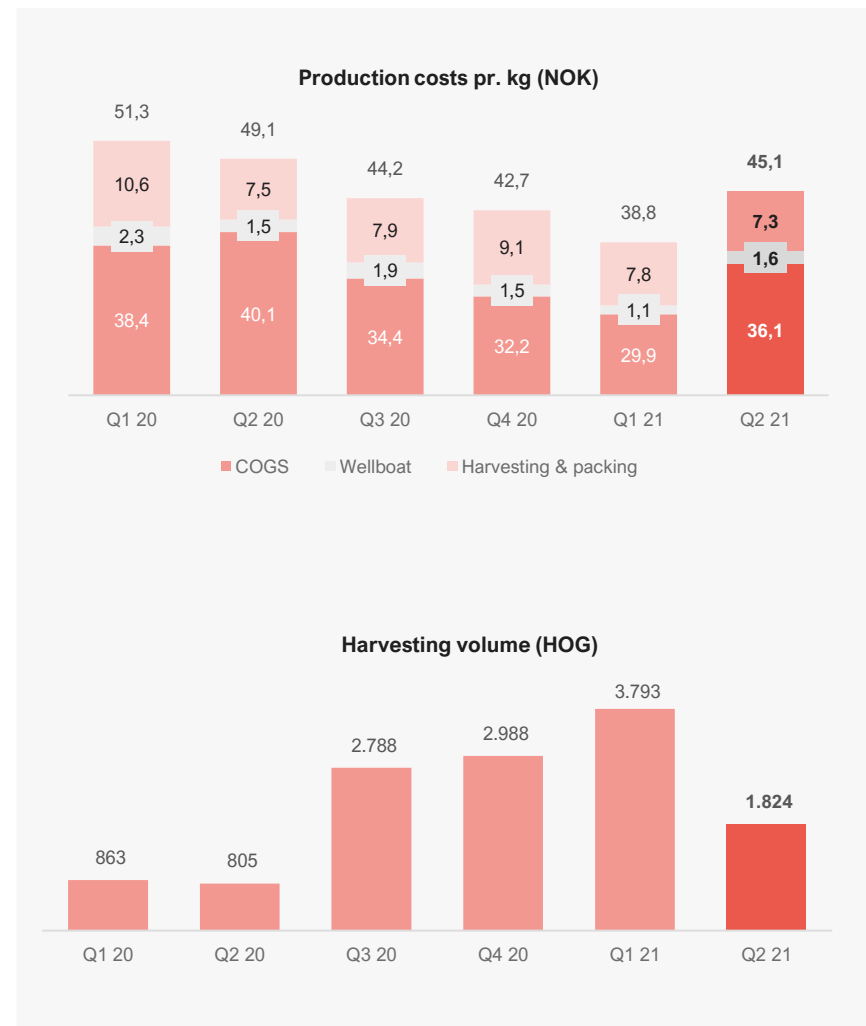
Operational performance

- Operational EBIT pr. kg up by 5.78 NOK from Q2 20 to Q2 21
- Operational Farming EBIT of 9.66 NOK pr. kg has developed positively due to the following factors:
 - Price achievement up by NOK 1.79 pr. kg from Q2 20 and up NOK 10.2 pr. kg from Q1 21.
 - The price achievement developed positively, but most of the salmon was harvested in April and June at lower prices than in May.
 - Production cost pr. kg in Q2 21 is 4 NOK pr. kg lower than in the second quarter of 2020.



Operational performance

- Harvested 1,824 tonnes, 1,019 tonnes more than in Q2 20.
- Production cost pr. kg in Q2 21 up by 6.2 NOK from Q1 21
 - Production costs increased due to start up of harvesting from a new site and significantly less harvesting quantities than in Q1 21.
 - The production costs at this site are expected to decrease resulting in lower production costs in the 3rd quarter.
 - Wellboat and harvesting costs still require some improvement. Extensive dialog is ongoing regarding both matters with current focus on harvesting options .
- **Biomass in sea increasing**
 - Biomass in sea increased by 619 tonnes (7 %) during the quarter and increased by 1,906 tonnes (26 %) from Q2 20
 - Growth and mortality has been better than expected



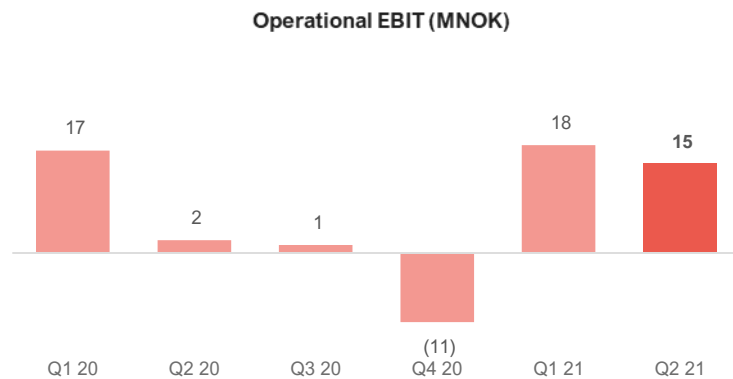


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Profit and loss

- Operating revenues of 99.8 MNOK
- Operational EBIT of 14.7 MNOK
- Harvested volume of 1,824 tonnes (YoY 126 % increase)
- Positive fair value adjustment of 42.7 MNOK
- Production tax of 0.6 MNOK
- Net financial items (loss) of 9.9 MNOK



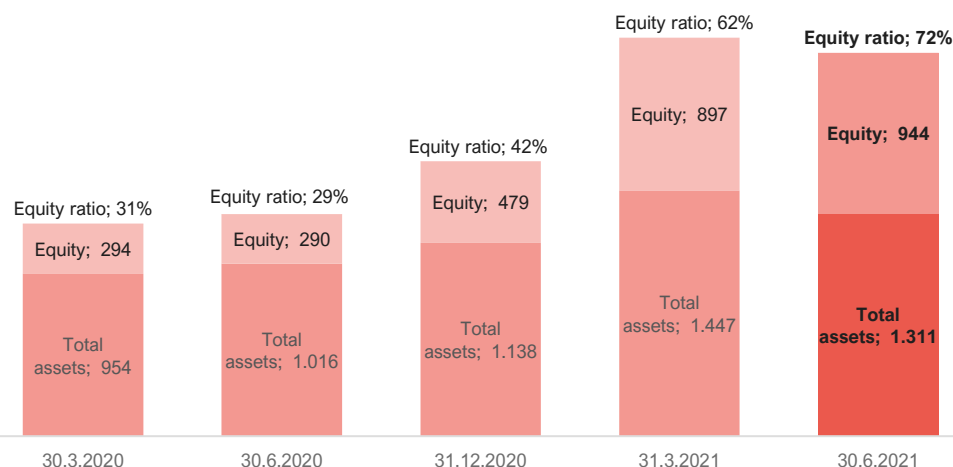
Key figures from P/L

KEY FIGURES (NOK '000)	Q2 2021	Q2 2020	YTD 2021	YTD 2020
Operating revenues	99.798	53.327	268.641	117.499
Operational EBITDA				
Operational EBIT	14.710	2.139	32.510	19.042
Fair value adjustments	42.748	0	83.021	0
Production tax	-602	0	-2.236	0
Income from associates	0	0	0	0
EBIT	56.856	2.139	113.295	19.042
Net financial items (- costs)	-9.855	-6.420	7.427	-15.027
Earnings before tax (EBT)	47.001	-4.281	120.722	4.016
Earnings per share	1,47	-0,13	3,79	0,13
Volume harvested GW	1.824	805	5.617	1.668
Operational EBIT pr.kg (farming)	9,66	3,88	6,97	10,66

Financial position

- Investments in sea farming equipment; boat, cages, nets in the quarter.
- Investments in Smolt production to secure production capacity
- Additional costs due to license investments in the quarter
- Available cash has been used to pay down interest bearing debt with more unused loan facilities when needed.
- Liquidity of the group is good with strong financing and an unused loan facility of 408 MNOK, Cash deposits of 83 MNOK and an approved construction financing of 150 MNOK.

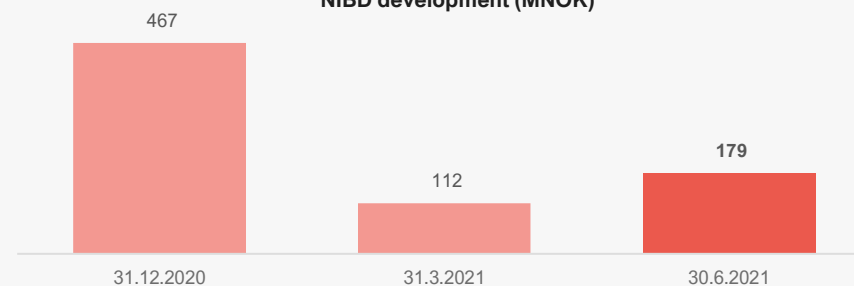
Total assets & Equity (MNOK)



Key figures from Balance sheet

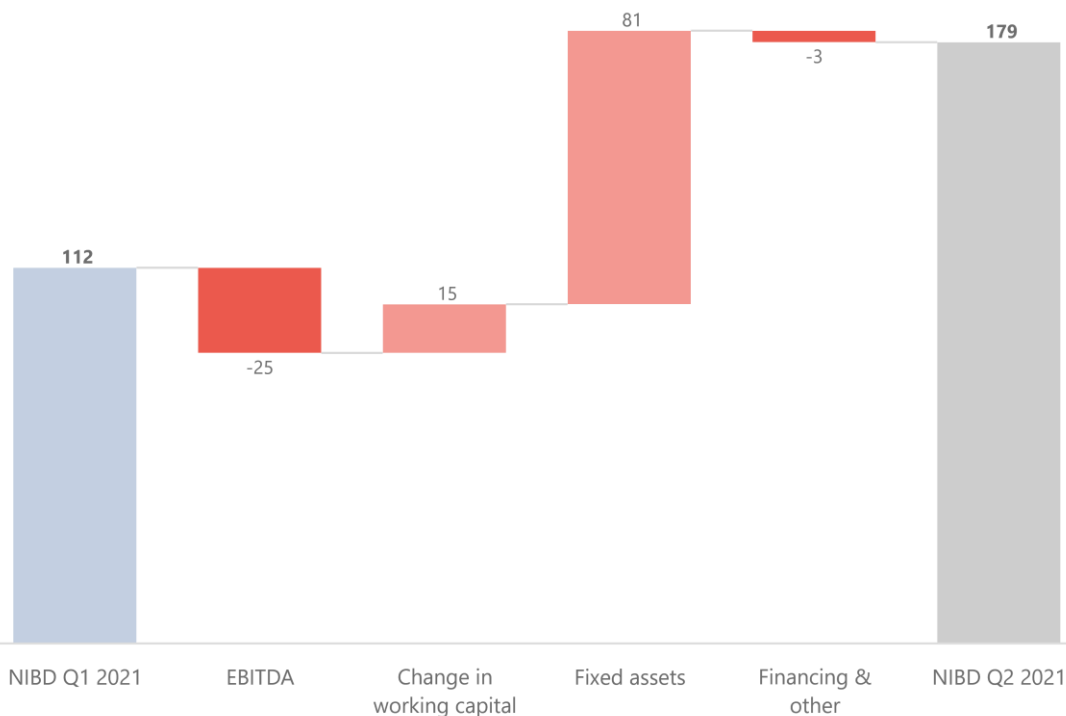
KEY FIGURES (NOK '000)	30.6.2021	31.3.2021	30.6.2020	31.12.2020
Intangible assets	48.243	40.149	29.459	34.297
Property, plant and equipment	605.706	581.274	544.321	559.988
Non-current financial assets	629	629	559	626
Non-current assets	654.579	622.052	574.338	594.911
Inventory and biological assets	500.746	421.229	358.887	429.237
Receivables	73.331	56.449	74.507	34.528
Bank deposits	82.701	347.691	7.905	79.171
Current assets	656.777	825.370	441.298	542.936
TOTAL ASSETS	1.311.356	1.447.423	1.015.636	1.137.847
Equity	943.668	896.667	290.088	478.805
Interest-bearing debt	263.873	461.815	626.294	548.844
Trade payables	93.003	80.998	94.506	100.703
Other current liabilities	10.812	7.943	4.749	9.495
TOTAL EQUITY AND LIABILITIES	1.311.356	1.447.423	1.015.636	1.137.847

NIBD development (MNOK)



NIBD development and financial covenants

NIBD development



- Net interest bearing debt up by 67 MNOK in the quarter due to an increase in fixed assets

Net interest bearing debt

NET INTEREST BEARING DEBT			
(NOK '000)	30.6.2021	31.3.2021	31.12.2020
Reported long term interest bearing debt	221.242	214.847	245.184
Reported short term interest bearing debt	40.125	244.462	301.154
Interest bearing long term receivables	-	-	-
Reported bank deposits	82.701	347.691	79.171
Total net interest bearing debt	178.666	111.618	467.166

Equity ratio

EQUITY RATIO			
(NOK '000)	30.6.2021	31.3.2021	31.12.2020
Reported equity	943.668	896.667	478.805
Reported total assets	1.311.356	1.447.423	1.137.847
Equity ratio	72,0%	61,9%	42,1%

Interest bearing debt overview

INTEREST BEARING DEBT OVERVIEW				
(NOK '000)	30.6.2021	31.3.2021	Loan agreement	Unused 30.6.2021
Reported interest bearing debt	261.367	459.309	670.000	408.633
Total interest bearing debt	261.367	459.309	670.000	408.633

Bank covenants

- Equity ratio has to remain above 40 %
- Minimum EBITDA on a 12 month rolling basis has to remain over 30 MNOK
 - In the quarter covenant conditions are met and the EBITDA is 58,7 million NOK for a rolling 12 month period ending on the 30th of June 2021.

CAPEX

Ongoing investments

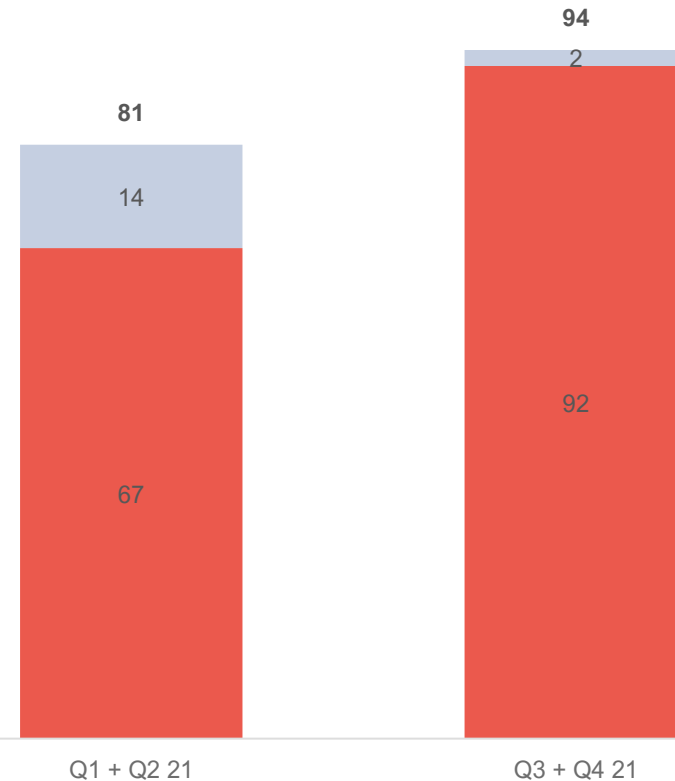
- Expansion of smolt capacity
- Farming equipment
- Branding initiatives
- Biomass build-up
- Increase harvesting capacity

Recently secured bank financing

- In the quarter the group has secured financing for the Smolt production growth project enabling it to continue with the already planned investments throughout the year and in the coming years.

Planned capital expenditure going forward

■ Property, plant and equipment ■ Intangible assets
mNOK



The planned CAPEX is intended to be funded by i.a. bank debt and cash flows from operations

Credit facilities from bank

- **Existing loan agreement components are as follows:**
 - 300 Million NOK revolving facility for Biomass
 - 340 Million NOK long term loan
 - 30 Million NOK overdraft facility
- **Additional facility approved by bank to be finalized in line with construction projects:**
 - 150 Million NOK construction facility pending final decisions regarding form and alignment with cash flow of construction project
- **Covenants:**
 - 40 % Equity ratio
 - 12 month EBITDA has to be at least 30 Million NOK
 - Leverage* ratios to be tested after the 2nd quarter of 2020, starting with the ratio 5:1 until the end of 2021 and consequently 4.5:1

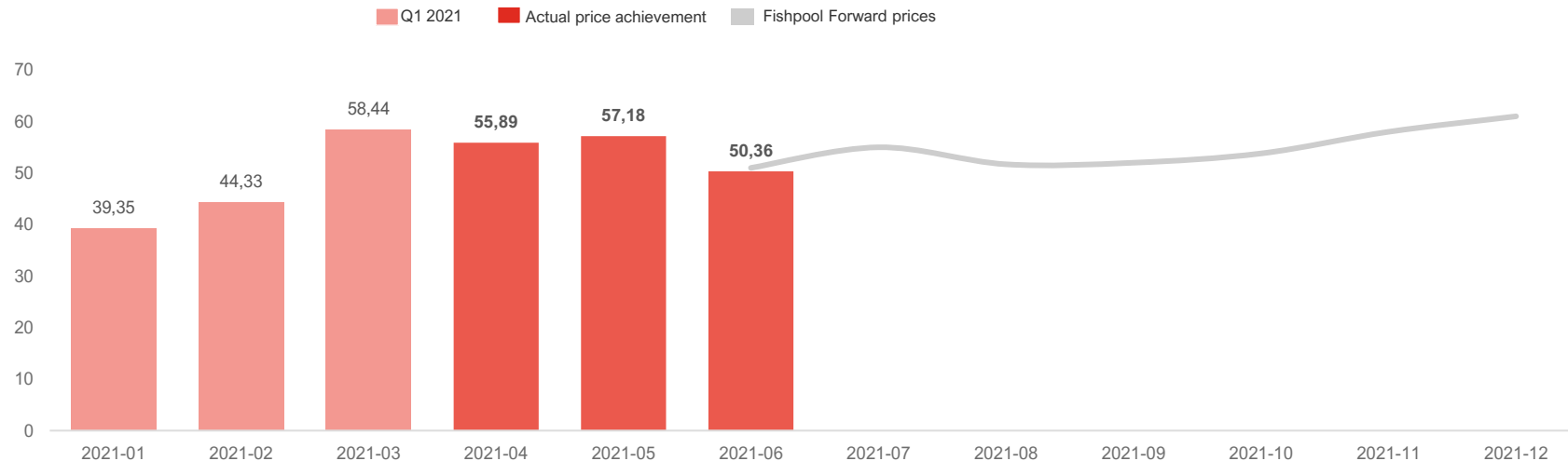
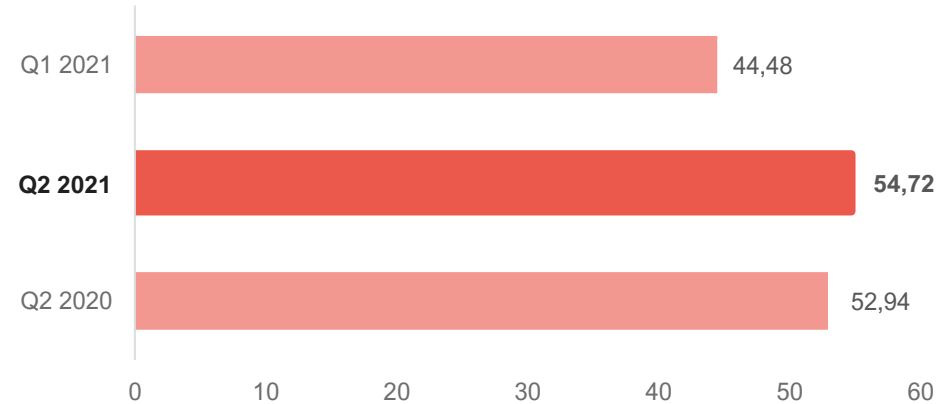


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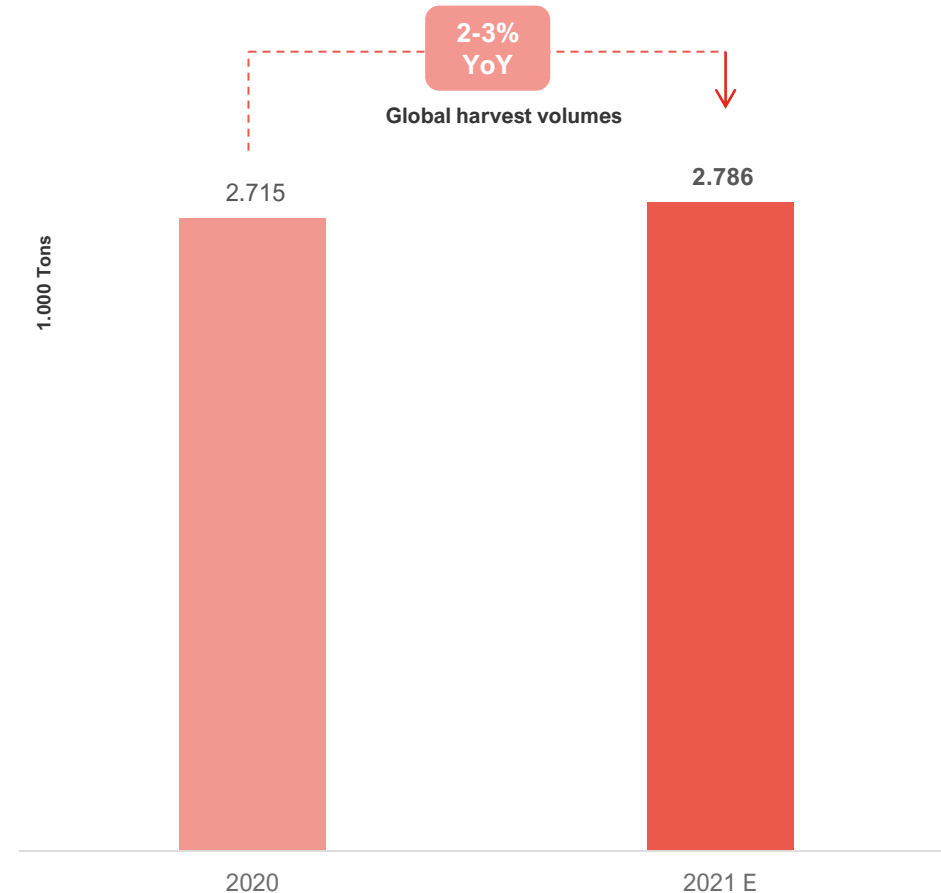
Market outlook

- Q2-21 price achievement increased by 3 % from Q2-20
- Price achievement increased by 23 % QoQ
- COVID-19 is still an unknown variable in terms of future price predictions for coming months
- The prices Arctic Fish achieves are “FCA packing station” which are not completely comparable to the forward prices used by Fish Pool.



Global harvest volumes – second half of 2021

- **Expected negative growth for Q3 & Q4 2021 compared to 2020**
Growth is expected to be negative 1.2 % globally, compared to a positive 0.2% increase between 2019 & 2020
- Less supply will likely have a somewhat positive impact on salmon prices
- **2021 in total is expected to increase 2-3% YoY**
2021 Q1+Q2 increased higher than previously expected mainly due to higher harvest volumes posted in Chile and Norway



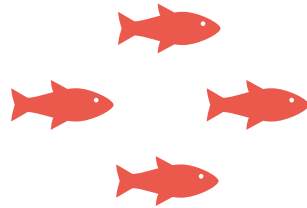


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Ongoing Growth Projects

1 Increased smolt capacity

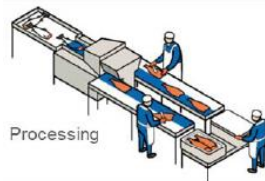


- In 2020 the Company released ~2.9m smolt with more than 8.9m smolt released since 2017
- With the planned expansion, the smolt capacity will be ~1,000 tones ~ 5 million smolt at ~200 grams
- Existing smolt production can facilitate 17.5kt HOG salmon production volume with planned expansion increasing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



Civil contractor chosen and contracts finalized, preparation work started

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



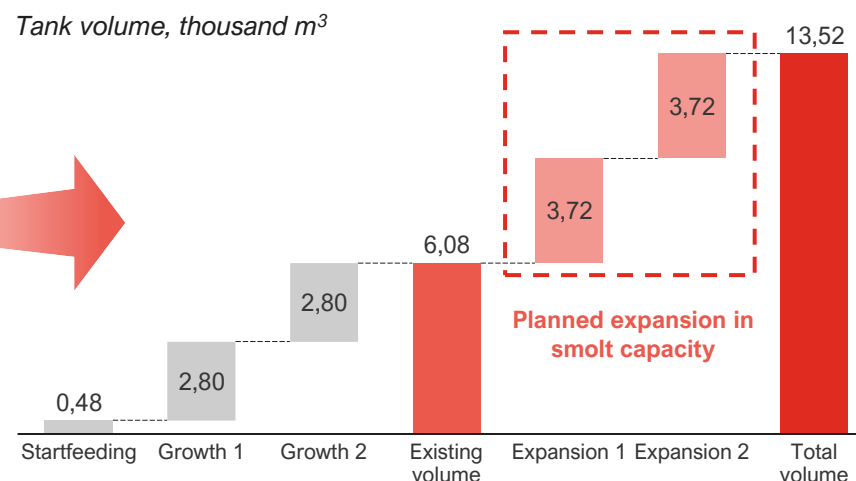
Site analysis, planning and preparation work ongoing.

Smolt expansion plan

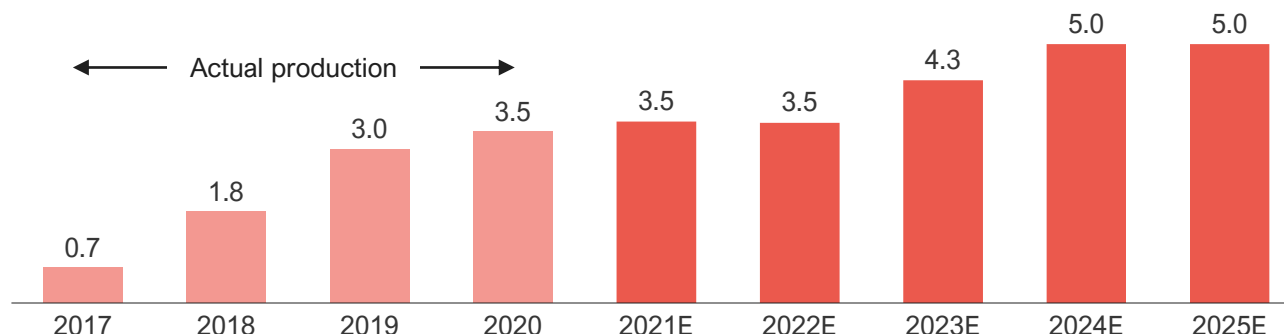
Commentary

- Two-step plan to increase tank volume with 7,500m³ and increase smolt capacity to 5 million smolt
- Planned groundwork starting in August 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 260 MNOK
- Aiming to get fish in first half in Q2 2023 to support the growth trajectory of Arctic Fish and cater for planned harvest volumes going forward

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



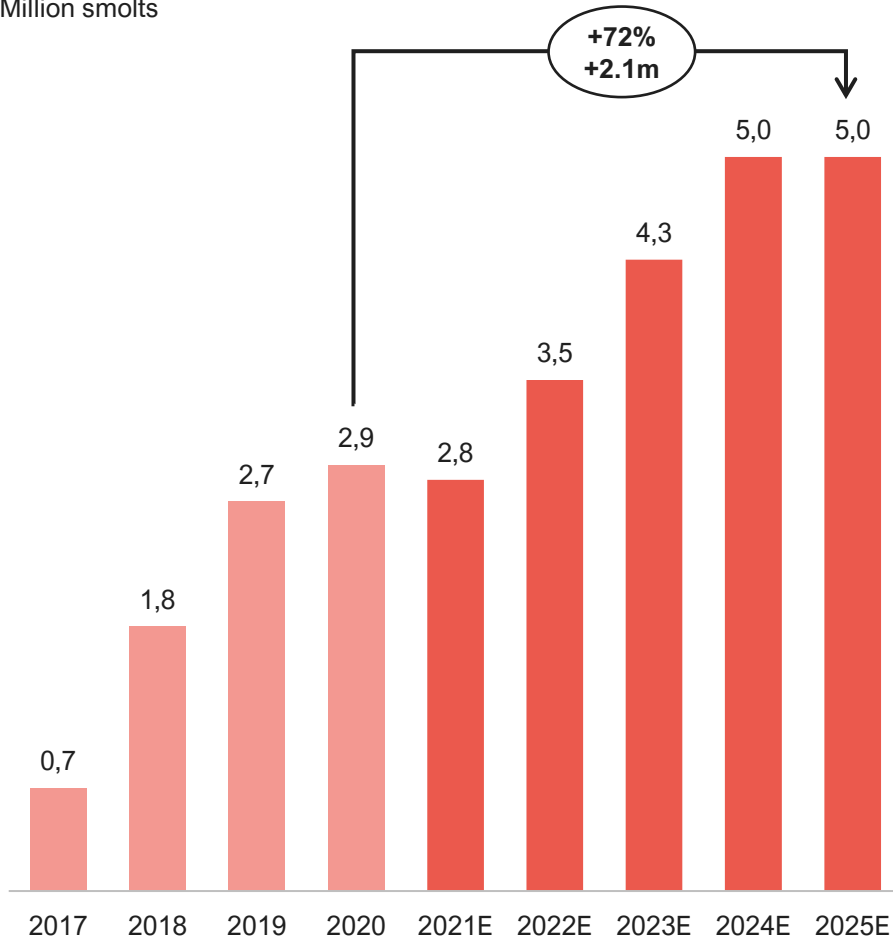
Smolt capacity forecast (in million)



Targeting ~24kt harvest volume in 2025

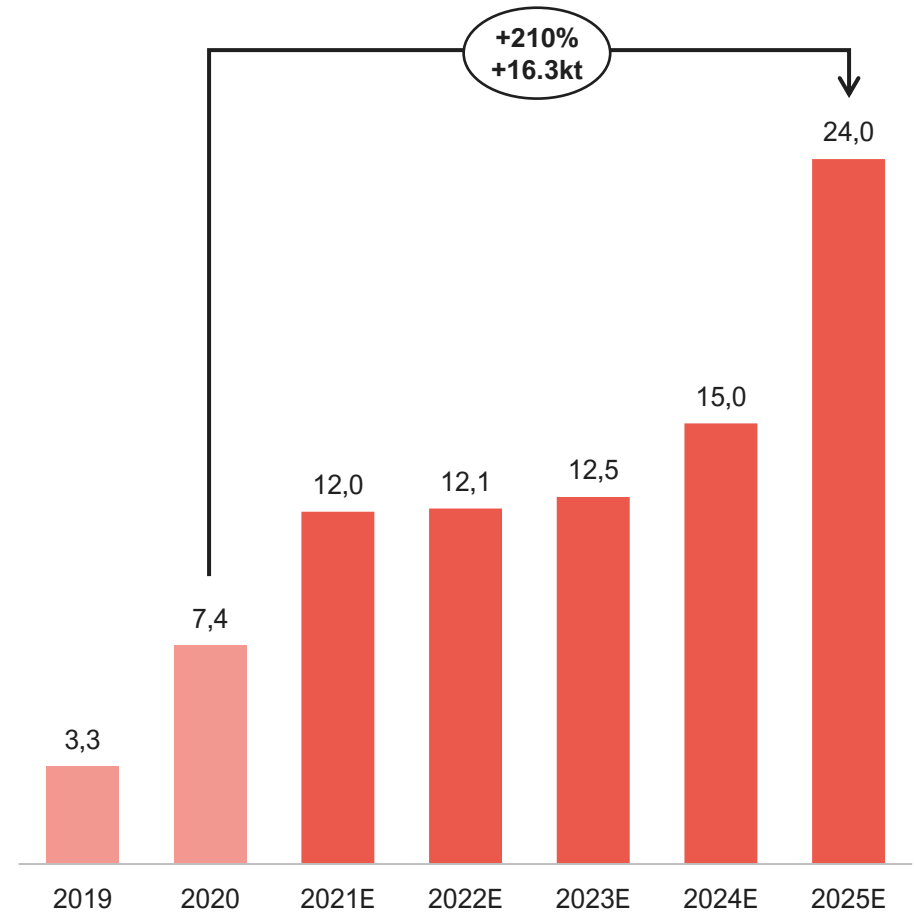
Smolt release forecast

Million smolts



Harvest volumes forecast

In thousand tonnes, HOG

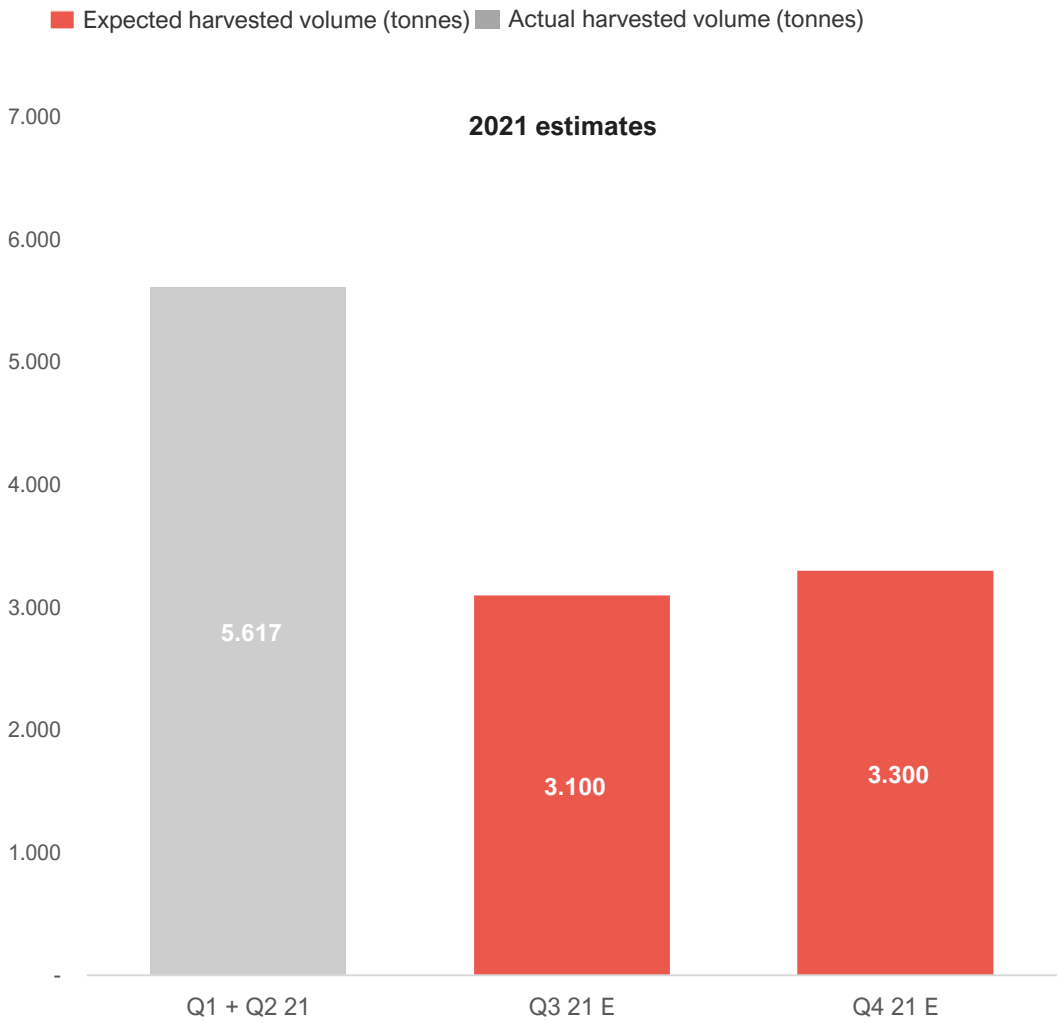




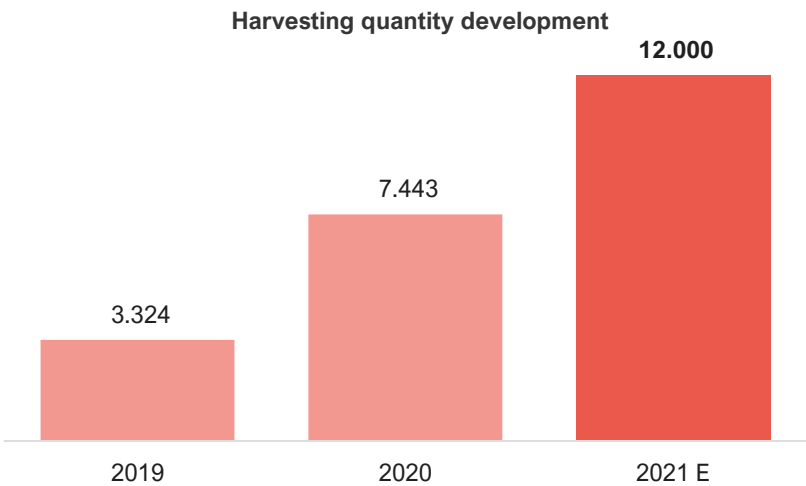
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Harvesting estimates 2021



- **Harvest volumes in Q2 increased 126% YoY**
2020 Q2: 805 tonnes
2021 Q2: 1,824 tonnes
2020 YTD: 1,668 tonnes
2021 YTD: 5,617 tonnes
- **Total quantity to increase by 61,2% YoY**
2020: 7,443 tonnes
2021E : 12,000 tonnes
- The Group has more potential for harvesting in 2021 due to the good production and growth in the sea farming, but harvesting capacity limits the harvest volume to the previously stated targets.



Summary Q2 2021

- Farming EBIT pr. kg has improved since last quarter due to an improved market and better price achievement.
- Operations on track with steady development and growth.
- Arctic Fish continues to deliver a high percentage of superior quality salmon.
- Biomass growth and production has been good, indicating possible increases in harvesting volume in 2022.
- Exciting growth projects have started with the expansion of the smolt production and preparation of the long-term future harvesting solution in advanced dialog.

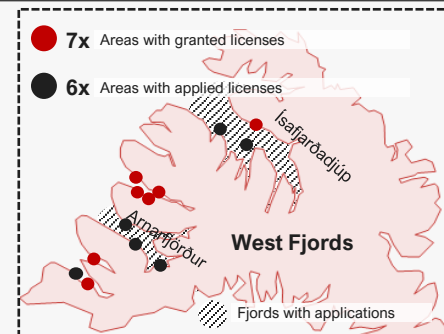
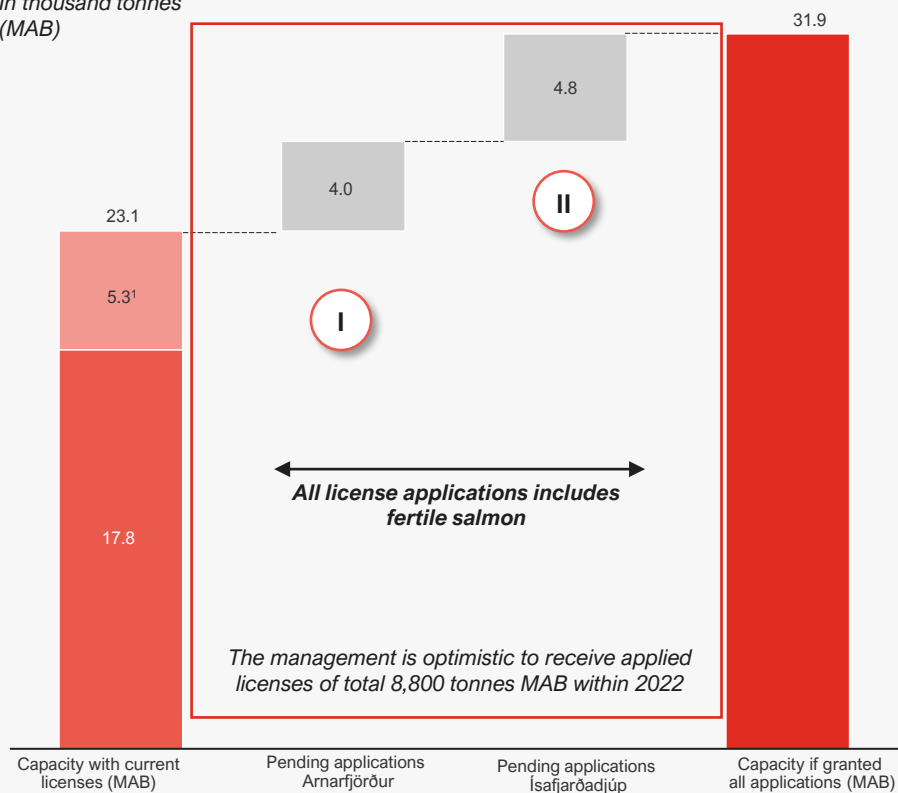
Appendix: License information



Farming and license portfolio

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

In thousand tonnes
(MAB)



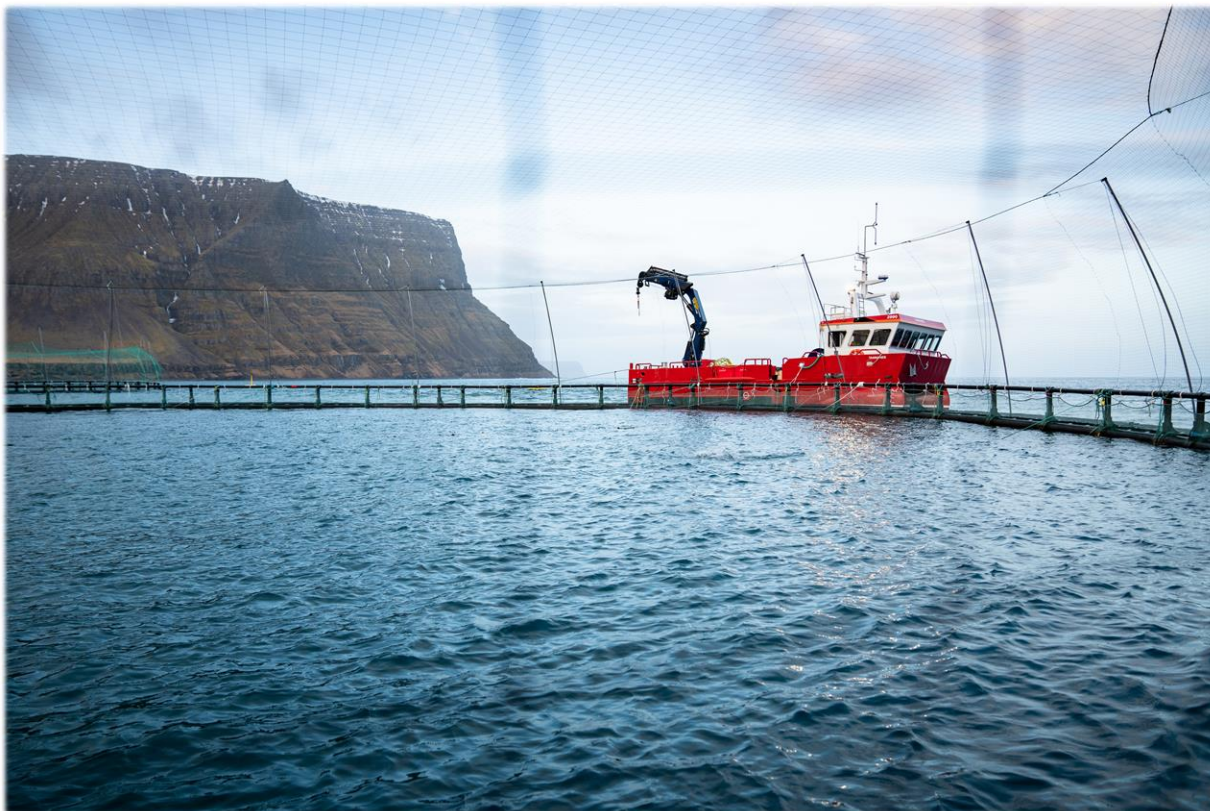
I

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

II

Arctic Fish has pending applications for additional 4.8kt MAB in Ísafjarðardjúp – final report from Planning Agency (“PA”) received and concluded and applications is sent to UST and MAST for the final stage before licenses can be issued

Appendix: Group financials



Group income statement

CONSOLIDATED INCOME STATEMENT

(NOK '000)	Q2 2021	Q2 2020	YTD 2021	YTD 2020	FY 2020
Operating revenues	99.798	53.327	268.641	117.499	375.667
Cost of goods sold	35.429	9.179	139.941	19.564	192.800
Salaries	13.352	9.915	25.371	19.796	42.025
Depreciation	11.211	9.371	21.601	18.516	40.113
Other operating costs	25.095	22.723	49.219	40.581	94.410
Operational EBIT	14.710	2.139	32.510	19.042	6.319
Fair value adjustments	42.748	0	83.021	0	-4.638
Production tax	-602	0	-2.236	0	-312
EBIT	56.856	2.139	113.295	19.042	1.369
Other net financial items	-9.855	-6.420	7.427	-15.027	-39.870
Earnings before tax (EBT)	47.001	-4.281	120.722	4.016	-38.500
Taxes	0	0	0	0	0
Net profit/loss	47.001	-4.281	120.722	4.016	-38.500
Profit attributable to:					
Parent company shareholders	47.001	-4.281	120.722	4.016	-38.500
Minority interests				0	0
Earnings per share (NOK)	1,47	-0,13	3,79	0,13	-1,21
Earnings per share - diluted	1,47	-0,13	3,79	0,13	-1,21

COMPREHENSIVE INCOME STATEMENT

(NOK '000)	Q2 2021	Q2 2020	YTD 2021	YTD 2020	FY 2020
Net profit/loss	47.001	-4.281	120.722	4.016	-38.500
Total comprehensive income	47.001	-4.281	120.722	4.016	-38.500
Total comprehensive income attributable to:					
Parent company shareholders	47.001	-4.281	120.722	4.016	-38.500

Statement of the financial position

STATEMENT OF FINANCIAL POSITION

(NOK '000)	30.6.2021	31.3.2021	30.6.2020	31.12.2020
Intangible assets	48.243	40.149	29.459	34.297
Property, plant and equipment	605.706	581.274	544.321	559.988
Non-current financial assets	629	629	559	626
Non-current assets	654.579	622.052	574.338	594.911
Inventory and biological assets	500.746	421.229	358.887	429.237
Receivables	73.331	56.449	74.507	34.528
Bank deposits	82.701	347.691	7.905	79.171
Current assets	656.777	825.370	441.298	542.936
TOTAL ASSETS	1.311.356	1.447.423	1.015.636	1.137.847
Share capital	31.877	31.877	457.719	689.476
Other equity	911.791	864.790	-167.631	-210.672
Equity	943.668	896.667	290.088	478.805
Deferred tax	2.506	2.506	2.506	2.506
Provisions	2.506	2.506	2.506	2.506
Long-term interest-bearing debt	221.242	214.847	409.346	245.184
Short-term interest-bearing debt	40.125	244.462	214.442	301.154
Trade payables	93.003	80.998	94.506	100.703
Other current liabilities	10.812	7.943	4.749	9.495
Current liabilities	143.941	333.403	313.696	411.353
TOTAL EQUITY AND LIABILITIES	1.311.356	1.447.423	1.015.636	1.137.847

Statement of equity

STATEMENT OF EQUITY

30.6.2021	Equity allocated to parent company shareholders			Total	Non-controlling interests	Total equity
	Share capital	Treasury shares	Retained earnings			
(NOK '000)						
Equity at 01.01.2021	689.476	0	-210.672	478.805	0	478.805
Total comprehensive income	0	0	120.722	120.722	0	120.722
Transactions with shareholders						
Reclassification due to new parent	-689.476		12.888	-676.588		-676.588
Issued share capital	26.158		650.431	676.588		676.588
Issued share capital	5.719		344.281	350.000		350.000
Transaction costs			-5.859	-5.859		-5.859
Total transactions with shareholders	-657.600	0	1.001.740	344.141	0	344.141
Equity at 30.6.2021	31.877	0	911.791	943.668	0	943.668

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

Group cash flow statement

Statement of cash flow

(NOK '000)	Q2 2021	Q2 2020	YTD 2021	YTD 2020	FY 2020
Operational EBIT	14.710	2.139	32.510	19.042	6.319
Adjusted for:					
Depreciation	11.211	9.371	21.601	18.516	40.113
Production tax	-602	0	-2.236	0	-312
Change in inventories/biological assets	-36.769	-42.312	11.512	-71.727	-146.716
Change in account receivables and accounts payables	-4.876	12.109	-46.503	23.780	69.957
Change in other current assets and liabilities	2.869	-8.216	1.317	1.110	5.856
Net cash flow from operating activities	-13.457	-26.910	18.201	-9.279	-24.782
Cash flow from investing activities					
Payments for purchase of fixed assets and licenses (MAB)	-43.738	-51.243	-81.269	-57.011	-99.705
Net cash flow from investing activities	-43.738	-51.243	-81.269	-57.011	-99.705
Cash flow from financing activities					
Proceeds from borrowings	0	47.056	0	47.056	597.944
Repayment of borrowings	-19.579	-7.722	-49.916	-24.385	-622.640
Current debt change	-178.363	39.777	-235.055	56.388	26.306
Issued new share capital	0	0	344.141	0	231.757
Net interest payments	-5.670	-6.800	-11.003	-15.027	-39.870
Adjustment due to Currency difference interest bearing debt	-4.184	0	18.431	0	0
Net cash flow from financing activities	-207.796	72.312	66.597	64.032	193.497
Net increase in bank deposits	-264.991	-5.841	3.529	-2.257	69.010
Bank deposits as of start of period	347.691	13.746	79.171	10.162	10.162
Bank deposits as of 30th of June	82.701	7.905	82.701	7.905	79.172

Shareholders

Ownership structure: The largest 20 shareholders as of 30.6.2021*

Rank	Name	# of shares	% ownership
1	NORWAY ROYAL SALMON ASA	16.346.824	51,28%
2	BREMESCO HOLDINGS LIMITED	9.104.582	28,56%
3	J.P. Morgan Bank Luxembourg S.A.	2.874.224	9,02%
4	Landsbankinn hf.	481.893	1,51%
5	KVERVA FINANS AS	258.000	0,81%
6	VERDIPAPIRFONDET NORDEA AVKASTNING	237.107	0,74%
7	VERDIPAPIRFONDET PARETO INVESTMENT	206.000	0,65%
8	VERDIPAPIRFONDET NORDEA KAPITAL	193.100	0,61%
9	VERDIPAPIRFONDET NORDEA NORGE VERD	168.033	0,53%
10	MP PENSJON PK	165.000	0,52%
11	Euroclear Bank S.A./N.V.	164.048	0,51%
12	CLEARSTREAM BANKING S.A.	150.070	0,47%
13	J.P. Morgan Bank Luxembourg S.A.	143.849	0,45%
14	VERDIPAPIRFONDET EIKA SPAR	127.909	0,40%
15	VERDIPAPIRFONDET PARETO NORDIC	103.000	0,32%
16	VERDIPAPIRFONDET EIKA NORGE	99.750	0,31%
17	ROTH	80.000	0,25%
18	VERDIPAPIRFONDET NORDEA NORGE PLUS	74.904	0,23%
19	VERDIPAPIRFONDET HOLBERG TRITON	50.733	0,16%
20	State Street Bank and Trust Comp	50.000	0,16%
Ownership of 20 largest shareholders		31.079.026	97,50%
Total number of shares		31.876.653	100,00%

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

